

**HOUSE BUDGET REPORT
HB 406/GA**

2008 SESSION OF THE GENERAL ASSEMBLY

Volume I

**Commonwealth Budget Summary
General and Special Parts and Sections**

**Legislative Research Commission
Office of Budget Review**

March 12, 2008

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Commonwealth Budget Summary

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**FB 2008-2010 HOUSE BUDGET REPORT
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
GENERAL FUND BUDGET SUMMARY**

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	House	Difference	Branch	House	Difference	Branch	House	Difference
RESOURCES									
Undesignated Balance	579,280,800	579,280,800		58,931,600	59,868,600	937,000	(70,909,100)	75,545,200	146,454,300
Continued Appropriations Reserve									
Branch Regular	57,124,900	57,124,900		18,671,900	18,671,900		7,793,900	7,793,900	
Tobacco Settlement	57,159,100	57,159,100		19,903,700	19,903,700		3,960,900	3,960,900	
Budget Reserve Trust	231,489,700	231,489,700		214,775,400	214,775,400		214,775,400	214,775,400	
Reserve Subtotal	345,773,700	345,773,700		253,351,000	253,351,000		226,530,200	226,530,200	
Revenue									
Consensus Revenue Estimate	8,633,038,000	8,633,038,000		8,823,597,000	8,823,597,000		9,096,259,000	9,096,259,000	
Tobacco Settlement	117,470,000	117,470,000		119,690,000	119,690,000		121,580,000	121,580,000	
Revenue Measures					143,300,000	143,300,000		146,600,000	146,600,000
Revenue Subtotal	8,750,508,000	8,750,508,000		8,943,287,000	9,086,587,000	143,300,000	9,217,839,000	9,364,439,000	146,600,000
Existing Fund Transfers	76,089,200	76,089,200							
Fund Transfers - Budget Reduction	51,198,200	51,198,200							
Fund Transfers Recommended	43,952,400	44,252,400	300,000	262,446,700	266,287,400	3,840,700	105,162,800	105,512,800	350,000
Other Resources				40,600,000	40,050,000	(550,000)	17,500,000	16,750,000	(750,000)
TOTAL RESOURCES	9,846,802,300	9,847,102,300	300,000	9,558,616,300	9,706,144,000	147,527,700	9,496,122,900	9,788,777,200	292,654,300
APPROPRIATIONS									
Executive Budget (HB406)									
Regular Operating	9,014,577,200	9,014,577,200		8,867,125,200	9,196,559,100	329,433,900	9,081,905,100	9,546,367,600	464,462,500
Mandated Allotments (NGE)	50,200,000	50,200,000							
Budget Reduction Order	(65,262,400)	(65,262,400)							
General Fund Current Year	150,303,300	150,603,300	300,000						
Other - Dedicated Revenues	9,379,100	9,379,100							
Budget Reserve Trust / Surplus Plan	(16,714,300)	(16,714,300)					(189,775,400)	(198,739,000)	(8,963,600)
RS 2007 Appropriations (excluding BRTF)	19,547,300	19,547,300							
SS 2007 HB1	12,619,500	12,619,500							
Phase I Tobacco Settlement	117,470,000	117,470,000		119,690,000	119,690,000		121,580,000	121,580,000	
Capital	11,103,000	11,103,000							
Executive Subtotal	9,303,222,700	9,303,522,700	300,000	8,986,815,200	9,316,249,100	329,433,900	9,013,709,700	9,469,208,600	455,498,900
Use of Continued General Fund	45,036,900	45,036,900							
Use of Continued Tobacco	37,255,400	37,255,400		15,942,800	15,942,800		3,960,900	3,960,900	
Use of Continued Budget Reserve Trust	16,714,300	16,714,300					189,775,400	198,739,000	8,963,600
Total Executive	9,402,229,300	9,402,529,300	300,000	9,002,758,000	9,332,191,900	329,433,900	9,207,446,000	9,671,908,500	464,462,500
Legislative Budget (HB407)									
Regular Operating	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Budget Reduction		(937,000)	(937,000)						
Use of Continued General Fund	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
Total Legislative	52,415,100	51,478,100	(937,000)	51,558,900	51,558,900		56,433,600	56,433,600	
Judicial Budget (HB408)									
Regular Operating	279,376,500	279,376,500		339,146,300	265,785,800	(73,360,500)	387,618,800	295,885,800	(91,733,000)
Judicial Efficiencies	(2,500,000)	(2,500,000)							
Budget Reduction	(1,964,800)	(1,964,800)							
Use of Continued General Fund	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
Total Judicial	266,094,900	266,094,900		351,178,300	277,817,800	(73,360,500)	388,127,200	296,394,200	(91,733,000)
Special Bills									
Appropriations Subtotal	9,720,739,300	9,720,102,300	(637,000)	9,405,495,200	9,661,568,600	256,073,400	9,652,006,800	10,024,736,300	372,729,500
Budget Lapse / Savings	(186,219,600)	(186,219,600)		(2,500,000)	(257,500,000)	(255,000,000)	(2,250,000)	(257,250,000)	(255,000,000)
Technical Error HB406								(1,050,000)	(1,050,000)
TOTAL APPROPRIATIONS	9,534,519,700	9,533,882,700	(637,000)	9,402,995,200	9,404,068,600	1,073,400	9,649,756,800	9,766,436,300	116,679,500
BALANCE	312,282,600	313,219,600	937,000	155,621,100	302,075,400	146,454,300	(153,633,900)	22,340,900	175,974,800
Continued Appropriations Reserve									
Branch Regular	18,671,900	18,671,900		7,793,900	7,793,900		6,304,500	6,304,500	
Tobacco Settlement	19,903,700	19,903,700		3,960,900	3,960,900				
Budget Reserve Trust	214,775,400	214,775,400		214,775,400	214,775,400		25,000,000	16,036,400	(8,963,600)
Total Reserve	253,351,000	253,351,000		226,530,200	226,530,200		31,304,500	22,340,900	(8,963,600)
UNDESIGNATED BALANCE	58,931,600	59,868,600	937,000	(70,909,100)	75,545,200	146,454,300	(184,938,400)		184,938,400

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FB 2008-2010 HOUSE BUDGET REPORT
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
OTHER BUDGETARY RESOURCES

TABLE I - OTHER BUDGETARY RESOURCES Source	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	House	Difference	Branch	House	Difference	Branch	House	Difference
Continuing Revenue Actions - Vendor Compensation				9,700,000	9,900,000	200,000	10,300,000	10,300,000	
Abandoned Property receipts greater than forecasted				29,900,000	29,900,000		6,200,000	6,200,000	
Royalty Payments from sale of natural resources at the Wendell H. Ford Regional Training Center				1,000,000	1,000,000		1,000,000	1,000,000	
Cigarette Papers Tax Adjustment					(750,000)			(750,000)	
Total Other Budgetary Resources				40,600,000	40,050,000	200,000	17,500,000	16,750,000	

TABLE II - REVENUE MEASURES Source	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	House	Difference	Branch	House	Difference	Branch	House	Difference
HB 538 - Exclusion of Sales Tax for OTC Drugs					(1,200,000)	(1,200,000)		(1,200,000)	(1,200,000)
HB 262 - Revenue Measures					144,500,000			147,800,000	
Total Revenue Measures					143,300,000	(1,200,000)		146,600,000	(1,200,000)

TOTAL TABLES I AND II				40,600,000	183,350,000	(1,000,000)	17,500,000	163,350,000	(1,200,000)
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FB 2008-2010 HOUSE BUDGET REPORT
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
BUDGET LAPSES AND OTHER SAVINGS

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	House	Difference	Branch	House	Difference	Branch	House	Difference
Budget Lapses									
Lapses due to HB380 Line Item Vetos	(11,576,000)	(11,576,000)	-			-			-
Debt Service - Finance	(93,285,000)	(93,285,000)	-			-			-
Debt Service - SFCC	(8,600,000)	(8,600,000)	-			-			-
Education Excess SEEK	(43,771,500)	(43,771,500)	-			-			-
LARS - Reading and Math Continuing Appropriation	(12,000,000)	(12,000,000)	-			-			-
LARS - Health Insurance Estimate	(6,000,000)	(6,000,000)	-			-			-
State Salary Compensation Fund	(5,109,600)	(5,109,600)	-			-			-
Public Transportation	(2,950,000)	(2,950,000)	-			-			-
Registry of Election Finance	(61,100)	(61,100)	-			-			-
Tourism	(99,600)	(99,600)	-			-			-
Economic Development - Secretary	(237,000)	(237,000)	-			-			-
New Business Development	(131,500)	(131,500)	-			-			-
Existing Business Development	(179,800)	(179,800)	-			-			-
Deaf and Hard of Hearing	(101,000)	(101,000)	-			-			-
Libraries and Archives	(282,900)	(282,900)	-			-			-
Natural Resources	(251,800)	(251,800)	-			-			-
Mine Reclamation and Enforcement	(89,100)	(89,100)	-			-			-
Board of Claims/Crime Victims' Compensation Board	(24,100)	(24,100)	-			-			-
Housing, Buildings, and Construction	(133,100)	(133,100)	-			-			-
Public Health	(181,200)	(181,200)	-			-			-
Health Policy	(17,300)	(17,300)	-			-			-
State Group Health Insurance	(138,000)	(138,000)	-			-			-
Public Service Commission Lapse	(1,000,000)	(1,000,000)	-	(2,500,000)	(2,500,000)	-	(2,250,000)	(2,250,000)	-
Total Budget Lapse	(186,219,600)	(186,219,600)	-	(2,500,000)	(2,500,000)	-	(2,250,000)	(2,250,000)	-
Other Savings									
Part III General Provisions Efficiencies Savings			-		(255,000,000)	(255,000,000)		(255,000,000)	(255,000,000)
Total Other Savings	-	-	-	-	(255,000,000)	(255,000,000)	-	(255,000,000)	(255,000,000)
Total Budget Lapse / Savings	(186,219,600)	(186,219,600)	-	(2,500,000)	(257,500,000)	(255,000,000)	(2,250,000)	(257,250,000)	(255,000,000)

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HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
General Government									
Military Affairs									
1 Agency Revenue Fund		300,000	300,000						
Governor's Office for Local Development									
2 Expendable Trust Fund (KRS 42.4582)				2,200,000	2,200,000		2,200,000	2,200,000	
3 Other Special Revenue Fund	572,800	572,800							
Local Government Economic Development Fund									
4 Multi-County Fund - Debt Service (KRS 42.4588)				14,527,800	14,527,800		14,551,500	14,551,500	
Secretary of State									
5 Agency Revenue Fund (KRS 14.140)				1,347,000	1,347,000		1,347,000	1,347,000	
Attorney General									
6 Other Special Revenue Fund KRS 367.964					350,000	350,000		350,000	350,000
Accountancy									
7 Agency Revenue Fund (KRS 325.250)	440,000	440,000			57,800	57,800			
Architects									
8 Agency Revenue Fund	100,000	100,000			54,200	54,200			
Auctioneers									
9 Agency Revenue Fund (KRS 330.050(6))	35,000	35,000							
10 Recovery Fund (KRS 330.192)					312,200	312,200			
Certification for Professional Art Therapists									
11 Agency Revenue Fund (KRS 309.138)					13,600	13,600			
Certification of Fee-Based Pastoral Counselors									
12 Agency Revenue Fund (KRS 335.650)					1,900	1,900			

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Chiropractic Examiners									
13 Agency Revenue Fund					95,400	95,400			
Dentistry									
14 Agency Revenue Fund	128,000	128,000			435,000	435,000			
(KRS 313.350)									
Embalmers and Funeral Directors									
15 Agency Revenue Fund					113,300	113,300			
(KRS 316.125 and KRS 316.210)									
Examiners and Registration of Landscape Architects									
16 Agency Revenue Fund					53,000	53,000			
Examiners of Psychology									
17 Agency Revenue Fund	90,000	90,000		45,000	101,400	56,400	45,000	45,000	
(KRS 319.131)									
Hairdressers and Cosmetologists									
18 Agency Revenue Fund	280,000	280,000		50,000	138,000	88,000	50,000	50,000	
(KRS 317A.080)									
Interpreters for the Deaf and Hard of Hearing									
19 Agency Revenue Fund					54,700	54,700			
(KRS 309.306)									
Licensed Professional Counselors									
20 Agency Revenue Fund	35,000	35,000		75,000	198,300	123,300	75,000	75,000	
(KRS 335.520)									
Licensure and Certification for Dietitians and Nutritionists									
21 Agency Revenue Fund	1,000	1,000			44,000	44,000			
(KRS 310.041(7))									
Licensure for Massage Therapy									
22 Agency Revenue Fund	14,000	14,000			146,700	146,700			
(KRS 309.356)									
Licensure for Occupational Therapy									
23 Agency Revenue Fund	3,500	3,500		80,000	98,900	18,900	80,000	80,000	
(KRS 319A.060)									
Licensure for Professional Engineers and Land Surveyors									
24 Agency Revenue Fund	470,000	470,000			320,400	320,400			
(KRS 322.420)									

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Licensure of Marriage and Family Therapists									
25 Agency Revenue Fund (KRS 335.342)					12,200	12,200			
Medical Licensure									
26 Agency Revenue Fund (KRS 311.610)	670,000	670,000		150,000	249,600	99,600			
Nursing									
27 Agency Revenue Fund (KRS 314.161)	1,700,000	1,700,000			343,700	343,700			
Optometric Examiners									
28 Agency Revenue Fund (KRS 320.360)	15,000	15,000			56,900	56,900			
Pharmacy									
29 Agency Revenue Fund (KRS 315.195)	190,000	190,000		300,000	300,000		300,000	300,000	
Physical Therapy									
30 Agency Revenue Fund (KRS 327.080)					281,100	281,100			
Podiatry									
31 Agency Revenue Fund (KRS 311.450(3))				25,000	25,000		25,000	25,000	
Private Investigators									
32 Agency Revenue Fund (KRS 329A.030)					35,800	35,800			
Proprietary Education									
33 Agency Revenue Fund (KRS 165A.380)				30,000	142,800	112,800	30,000	30,000	
Real Estate Appraisers									
34 Agency Revenue Fund (KRS 324A.065)					47,100	47,100			
Real Estate Commission									
35 Agency Revenue Fund (KRS 324.410)	1,180,000	1,180,000							

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Registration for Professional Geologists									
36 Agency Revenue Fund (KRS 322A.050)	50,000	50,000			126,000	126,000			
Respiratory Care									
37 Agency Revenue Fund (KRS 314A.215(3))	24,000	24,000			14,300	14,300			
Social Work									
38 Agency Revenue Fund (KRS 335.140)	83,000	83,000		80,000	101,600	21,600	80,000	80,000	
Speech-Language Pathology and Audiology									
39 Agency Revenue Fund (KRS 334A.120)	30,000	30,000		75,000	85,900	10,900	75,000	75,000	
Veterinary Examiners									
40 Agency Revenue Fund (KRS 321.320)	11,500	11,500			139,900	139,900			
Commerce Cabinet									
Tourism									
41 Agency Revenue Fund	1,086,600	1,086,600							
42 Agency Revenue Fund (KRS 142.406(2)(3))	1,000,000	1,000,000							
Fish and Wildlife Resources									
43 Kentucky Wetland and Stream Mitigation Fund (KRS 150.255(3)) A \$10,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.				10,000,000	10,000,000				
Economic Development Cabinet									
Financial Incentives									
44 Kentucky Economic Development Finance Authority (KRS 154.20-010 to 154.20-150 and 154.20-520)				23,000,000	23,000,000				
45 Other Special Revenue Fund	1,197,000	1,197,000		1,200,000	1,200,000		1,200,000	1,200,000	
Balances Remaining in the Special Revenue Fund accounts after all appropriations authorized in this bill shall lapse to the General Fund Surplus Account at the end of each fiscal year.									

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Existing Business Development									
46 Agency Revenue Fund	10,800	10,800							
Education Cabinet									
Kentucky Educational Television									
47 Agency Revenue Fund	2,000,000	2,000,000							
Environmental and Public Protection Cabinet									
General Administration and Program Support									
48 Kentucky Heritage Land Conservation Fund (KRS 146.570) A \$10,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.				10,000,000	10,000,000				
49 Kentucky Pride Trust Fund (KRS 224.43-505(1))				2,000,000		(2,000,000)			
50 Kentucky Pride Trust Fund Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c.				2,006,300	2,006,300		2,006,300	2,006,300	
Public Protection Commissioner									
51 Agency Revenue Fund				600,000	600,000		800,000	800,000	
Petroleum Storage Tank Environmental Assurance Fund									
52 Insurance Administration Fund (KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150) A \$25,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.				65,000,000	65,000,000		16,500,000	16,500,000	
Alcoholic Beverage Control									
53 Agency Revenue Fund (KRS 243.025(1)(3))				500,000	500,000		350,000	350,000	
Board of Claims/Crime Victims' Compensation Board									
54 Agency Revenue Fund (KRS 346.185)							500,000	500,000	
Financial Institutions									
55 Agency Revenue Fund (KRS 286.01-485)	418,800	418,800		3,800,000	3,800,000		3,500,000	3,500,000	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Housing, Buildings and Construction									
56 Agency Revenue Fund (KRS 198B.090(10), 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1)(2), 236.130(3), and 318.136)	600,000	600,000		1,300,000	1,300,000		1,800,000	1,800,000	
Insurance									
57 Agency Revenue Fund (KRS 304.2-300(1)(4), 304.2-400 and 304.2-440(4))				15,820,000	15,820,000		15,360,000	15,360,000	
58 Kentucky Access Fund (KRS 304.2-440(4) and 304-17B-021)				71,551,500	71,551,500		5,385,900	5,385,900	
59 Expendable Trust Fund (2006 Kentucky Acts Chapter 252, Part XXIII, Section 6)				16,750,000	16,750,000				
60 Fire and Tornado Insurance Fund (KRS 56.180)	1,000,000	1,000,000							
Workers' Compensation Funding Commission									
61 Insurance Administration Fund (KRS 342.1227)				6,200,000	6,200,000				
Finance and Administration Cabinet									
General Administration									
62 Fleet Management Fund				4,272,400	4,272,400		1,500,000	1,500,000	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Controller									
63 Rural Development Trust Fund - Investment Income (KRS 248.655)	3,231,200	3,231,200							
64 Early Childhood Development Trust Fund - Investment Income (KRS 200.151)	252,400	252,400							
65 Health Care Improvement Trust Fund - Investment Income (KRS 194A.0550)	14,000	14,000							
66 Expendable Trust Fund				3,000,000	3,000,000				
Debt Service									
67 Unexpended Debt Service Tobacco Settlement - Phase I (KRS 248.655)	16,257,500	16,257,500							
Finance and Administration									
68 Capital Construction Investment Income							30,083,400	30,083,400	
Capital Appropriations in the amount of \$20,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.									
Health and Family Services Cabinet									
General Administration and Program Support									
69 Malt Beverage Education Fund				450,000	450,000		450,000	450,000	
Public Health									
70 Agency Revenue Fund (KRS 194A.050(4), 211.350(10), 211.848(2), 212.025(2), 217.125(2), 219.071, and 221.020(2))	50,900	50,900							
Health Policy									
71 Agency Revenue Fund (KRS 212.025(2))	200,000	200,000		43,700	43,700		43,700	43,700	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Community Based Services									
72 Agency Revenue Fund (KRS 186.040(5))	43,000	43,000							
Personnel									
General Operations									
73 Agency Revenue Fund	97,600	97,600							
74 Other Special Revenue Fund	209,000	209,000							
Postsecondary Education									
Council on Postsecondary Education									
75 Postsecondary Workforce Development Trust Fund (KRS 164.7925)					10,000	10,000			
76 Lung Cancer Research Fund (KRS 164.476)					140,000	140,000			
77 Technology Initiative Trust Fund (KRS 164.7921)					50,000	50,000			
Kentucky Higher Education Assistance Authority									
78 Expendable Trust Fund (KRS 164.7891(11))	876,900	876,900							
79 Other Special Revenue Fund (KRS 164.7891(11))	483,900	483,900							
Transportation Cabinet									
Aviation									
80 Agency Revenue Fund (KRS 183.525(4))	2,300,000	2,300,000		3,468,000	3,468,000		3,468,000	3,468,000	
81 Agency Revenue Fund	100,000	100,000							

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Vehicle Regulation									
82 Agency Revenue Fund (KRS 186.040(6)(a))	5,500,000	5,500,000		2,500,000	2,500,000				
83 Agency Revenue Fund							3,357,000	3,357,000	
84 Agency Revenue Fund (KRS 186.240(3))	900,000	900,000							
85 Agency Fund Revenue (KRS 186.040(6)(b))					2,000,000	2,000,000			
TOTAL TRANSFERS	43,952,400	44,252,400	300,000	262,446,700	266,287,400	3,840,700	105,162,800	105,512,800	350,000

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HOUSE BUDGET REPORT
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
ROAD FUND SUMMARY

Governmental Branch: Executive
Cabinet/Function: Transportation

Agency: Cabinet Summary
Unit:

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	House	Difference	Branch	House	Difference	Branch	House	Difference
<u>RESOURCES</u>									
Beginning Undesignated Balance	-	-	-	-	-	-	-	-	-
Revenue Receipts/Estimates	1,282,801,400	1,282,801,400	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
Revenue Reduction/Motorcycle Education	-	-	-	-	-	-	-	-	-
Previous Year-End Surplus	21,163,300	21,163,300	-	-	-	-	-	-	-
Fund Transfers	-	-	-	-	-	-	-	-	-
Non-Budgetary Transfers	-	-	-	-	-	-	-	-	-
Non-Budgetary Receipts to Surplus	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
<u>APPROPRIATIONS/EXPENDITURES</u>									
TRANSPORTATION CABINET									
General Administration & Support	78,887,600	78,887,600	-	72,590,100	74,390,100	1,800,000	74,369,900	74,769,900	400,000
Aviation	4,000,000	4,000,000	-	3,000,000	3,650,000	650,000	3,000,000	3,650,000	650,000
Revenue Sharing	265,848,100	265,848,100	-	287,800,600	266,207,000	(21,593,600)	318,180,600	296,587,000	(21,593,600)
Highways	681,874,600	681,874,600	-	698,551,400	695,596,000	(2,955,400)	777,149,700	753,496,300	(23,653,400)
Vehicle Regulation	18,234,700	18,234,700	-	19,262,800	19,262,800	-	20,622,700	20,622,700	-
Debt Service	181,143,200	181,143,200	-	148,513,000	170,612,000	22,099,000	136,599,000	180,796,000	44,197,000
Capital Budget	6,795,000	6,795,000	-	27,192,000	27,192,000	-	7,280,000	7,280,000	-
TOTAL-TRANSPORTATION	1,236,783,200	1,236,783,200	-	1,256,909,900	1,256,909,900	-	1,337,201,900	1,337,201,900	-
DEPT. OF TREASURY	250,000	250,000	-	250,000	250,000	-	250,000	250,000	-
JUSTICE CABINET									
Kentucky State Police	50,000,000	50,000,000	-	50,000,000	50,000,000	-	50,000,000	50,000,000	-
Motor Vehicle Enforcement	13,881,500	13,881,500	-	13,881,500	13,881,500	-	13,881,500	13,881,500	-
FINANCE & ADMINISTRATION CABINET									
Debt Service	-	-	-	-	-	-	-	-	-
Department of Administration	400,000	400,000	-	400,000	400,000	-	400,000	400,000	-
Department of Revenue	2,000,000	2,000,000	-	2,325,000	2,325,000	-	2,325,000	2,325,000	-
Comm. Office of Technology	-	-	-	-	-	-	-	-	-
HOMELAND SECURITY	350,000	350,000	-	250,000	250,000	-	250,000	250,000	-
Environmental and Public Protection	300,000	300,000	-	300,000	300,000	-	300,000	300,000	-
COMMERCE CABINET									
Artisan's Center	-	-	-	350,000	350,000	-	350,000	350,000	-
Kentucky Heritage Council	-	-	-	140,000	140,000	-	145,000	145,000	-
TOTAL APPROP./EXPENDITURES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
UNDESIGNATED BALANCE	-	-	-	-	-	-	-	-	-

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Commonwealth of Kentucky

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
General Fund	9,325,592,600	9,325,892,600	300,000	9,258,984,400	9,515,057,800	256,073,400	9,524,976,500	9,897,706,000	372,729,500
Restricted Funds	5,535,750,900	5,535,750,900		5,120,290,100	5,288,916,800	168,626,700	5,121,556,300	5,426,524,600	304,968,300
Federal Funds	7,557,426,900	7,557,426,900		7,661,300,300	7,702,872,700	41,572,400	7,890,526,300	7,963,643,600	73,117,300
Road Fund	1,297,169,700	1,297,169,700		1,297,614,400	1,297,614,400		1,397,823,400	1,397,823,400	
Highway Bond	395,755,300	395,755,300		50,000,000	550,000,000	500,000,000			
Regular Total Funds	24,217,747,900	24,218,047,900	300,000	23,507,879,200	24,474,151,700	966,272,500	24,056,462,500	24,807,277,600	750,815,100
Use of Continuing	75,708,400	75,708,400		21,320,800	21,320,800		6,200,300	6,200,300	
TOTAL FUNDS	24,293,456,300	24,293,756,300	300,000	23,529,200,000	24,495,472,500	966,272,500	24,062,662,800	24,813,477,900	750,815,100
II. EXPENDITURE CATEGORY									
Personnel Costs	5,378,428,700	5,378,428,700		5,374,328,100	5,494,680,700	120,352,600	5,466,499,400	5,658,112,500	191,613,100
Operating Expenses	2,569,067,800	2,569,367,800	300,000	2,557,990,600	2,644,784,100	86,793,500	2,598,705,700	2,744,665,900	145,960,200
Grants, Loans, Benefits	13,641,080,700	13,641,080,700		13,518,093,300	13,756,888,600	238,795,300	13,848,330,300	14,227,824,600	379,494,300
Debt Service	766,612,400	766,612,400		844,130,000	863,697,600	19,567,600	861,965,500	912,652,500	50,687,000
Capital Outlay	202,543,700	202,543,700		183,087,000	194,301,500	11,214,500	182,764,000	198,373,500	15,609,500
Construction	1,735,723,000	1,735,723,000		1,051,571,000	1,541,120,000	489,549,000	1,104,397,900	1,071,848,900	(32,549,000)
TOTAL EXPENDITURES	24,293,456,300	24,293,756,300	300,000	23,529,200,000	24,495,472,500	966,272,500	24,062,662,800	24,813,477,900	750,815,100
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		104,464,100	104,464,100		105,410,500	105,410,500	
General Fund	9,175,289,300	9,175,289,300		8,949,658,400	8,969,440,400	19,782,000	8,948,286,700	8,964,965,400	16,678,700
Restricted Funds	5,523,259,800	5,485,299,400	(37,960,400)	5,082,310,200	5,236,038,200	153,728,000	5,090,451,300	5,372,076,500	281,625,200
Federal Funds	7,371,124,800	7,366,908,000	(4,216,800)	7,288,752,200	7,316,045,700	27,293,500	7,253,840,600	7,312,286,400	58,445,800
Road Fund	1,297,071,600	1,297,071,600		1,255,053,600	1,224,463,300	(30,590,300)	1,277,196,300	1,256,575,800	(20,620,500)
Highway Bond	395,755,300	395,755,300							
Regular Total Funds	23,868,553,300	23,826,376,100	(42,177,200)	22,680,238,500	22,850,451,700	170,213,200	22,675,185,400	23,011,314,600	336,129,200
Use of Continuing	75,708,400	75,708,400		21,320,800	21,320,800		6,200,300	6,200,300	
TOTAL BASE LEVEL	23,944,261,700	23,902,084,500	(42,177,200)	22,701,559,300	22,871,772,500	170,213,200	22,681,385,700	23,017,514,900	336,129,200
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)				15,225,900	15,225,900		16,169,500	16,169,500	
General Fund	150,303,300	150,603,300	300,000	309,326,000	545,617,400	236,291,400	576,689,800	932,740,600	356,050,800
Restricted Funds	12,491,100	50,451,500	37,960,400	37,979,900	52,878,600	14,898,700	31,105,000	54,448,100	23,343,100
Federal Funds	186,302,100	190,518,900	4,216,800	372,548,100	386,827,000	14,278,900	636,685,700	651,357,200	14,671,500
Road Fund	98,100	98,100		42,560,800	73,151,100	30,590,300	120,627,100	141,247,600	20,620,500
Highway Bond				50,000,000	550,000,000	500,000,000			
TOTAL ADDITIONAL	349,194,600	391,671,800	42,477,200	827,640,700	1,623,700,000	796,059,300	1,381,277,100	1,795,963,000	414,685,900

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Commonwealth of Kentucky

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds	5,000,000	12,403,500	7,403,500	1,598,408,701	2,009,996,001	411,587,300	33,238,200	59,679,300	26,441,100
Federal Funds				109,333,700	130,183,700	20,850,000	14,046,500	14,046,500	
Road Fund				27,192,000	27,192,000		7,280,000	7,280,000	
Bond Funds	5,700,000	5,700,000		632,755,000	814,885,000	182,130,000			
Agency Bonds	23,500,000	23,500,000		499,742,000	282,863,000	(216,879,000)			
Capital Construction Surplus				3,000,000	3,000,000				
Investment Income				7,601,000	7,601,000		10,501,000	10,501,000	
Other Funds	67,000,000	67,000,000		535,607,000	756,247,000	220,640,000	2,909,000	2,159,000	(750,000)
TOTAL CAPITAL	101,200,000	108,603,500	7,403,500	3,413,639,401	4,031,967,701	618,328,300	67,974,700	93,665,800	25,691,100

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Executive Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
General Fund	9,000,498,700	9,000,798,700	300,000	8,867,125,200	9,196,559,100	329,433,900	9,081,905,100	9,546,367,600	464,462,500
Restricted Funds	5,510,300,000	5,510,300,000		5,086,617,300	5,245,244,000	158,626,700	5,092,548,900	5,387,517,200	294,968,300
Federal Funds	7,554,353,800	7,554,353,800		7,660,168,900	7,701,741,300	41,572,400	7,889,355,700	7,962,473,000	73,117,300
Road Fund	1,297,169,700	1,297,169,700		1,297,614,400	1,297,614,400		1,397,823,400	1,397,823,400	
Highway Bond	395,755,300	395,755,300		50,000,000	550,000,000	500,000,000			
Regular Total Funds	23,864,130,000	23,864,430,000	300,000	23,081,215,800	24,110,848,800	1,029,633,000	23,583,213,100	24,415,761,200	832,548,100
Use of Continuing	82,292,300	82,292,300		10,442,800	10,442,800		4,710,900	4,710,900	
TOTAL FUNDS	23,946,422,300	23,946,722,300	300,000	23,091,658,600	24,121,291,600	1,029,633,000	23,587,924,000	24,420,472,100	832,548,100
II. EXPENDITURE CATEGORY									
Personnel Costs	5,140,293,300	5,140,293,300		5,080,219,100	5,252,939,600	172,720,500	5,157,351,000	5,416,019,200	258,668,200
Operating Expenses	2,461,841,700	2,462,141,700	300,000	2,423,626,600	2,521,412,700	97,786,100	2,441,810,300	2,599,543,400	157,733,100
Grants, Loans, Benefits	13,641,080,700	13,641,080,700		13,518,093,300	13,756,888,600	238,795,300	13,848,330,300	14,227,824,600	379,494,300
Debt Service	766,612,400	766,612,400		844,130,000	863,697,600	19,567,600	861,965,500	912,652,500	50,687,000
Capital Outlay	200,871,200	200,871,200		174,018,600	185,233,100	11,214,500	174,069,000	192,583,500	18,514,500
Construction	1,735,723,000	1,735,723,000		1,051,571,000	1,541,120,000	489,549,000	1,104,397,900	1,071,848,900	(32,549,000)
TOTAL EXPENDITURES	23,946,422,300	23,946,722,300	300,000	23,091,658,600	24,121,291,600	1,029,633,000	23,587,924,000	24,420,472,100	832,548,100
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		104,464,100	104,464,100		105,410,500	105,410,500	
General Fund	8,850,195,400	8,850,195,400		8,623,459,500	8,654,460,500	31,001,000	8,615,869,200	8,635,722,200	19,853,000
Restricted Funds	5,497,808,900	5,459,848,500	(37,960,400)	5,055,182,100	5,200,214,900	145,032,800	5,061,443,900	5,341,311,200	279,867,300
Federal Funds	7,368,051,700	7,363,834,900	(4,216,800)	7,287,620,800	7,314,914,300	27,293,500	7,252,670,000	7,311,115,800	58,445,800
Road Fund	1,297,071,600	1,297,071,600		1,255,053,600	1,224,463,300	(30,590,300)	1,277,196,300	1,256,575,800	(20,620,500)
Highway Bond	395,755,300	395,755,300							
Regular Total Funds	23,514,935,400	23,472,758,200	(42,177,200)	22,325,780,100	22,498,517,100	172,737,000	22,312,589,900	22,650,135,500	337,545,600
Use of Continuing	82,292,300	82,292,300		10,442,800	10,442,800		4,710,900	4,710,900	
TOTAL BASE LEVEL	23,597,227,700	23,555,050,500	(42,177,200)	22,336,222,900	22,508,959,900	172,737,000	22,317,300,800	22,654,846,400	337,545,600
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)				15,225,900	15,225,900		16,169,500	16,169,500	
General Fund	150,303,300	150,603,300	300,000	243,665,700	542,098,600	298,432,900	466,035,900	910,645,400	444,609,500
Restricted Funds	12,491,100	50,451,500	37,960,400	31,435,200	45,029,100	13,593,900	31,105,000	46,206,000	15,101,000
Federal Funds	186,302,100	190,518,900	4,216,800	372,548,100	386,827,000	14,278,900	636,685,700	651,357,200	14,671,500
Road Fund	98,100	98,100		42,560,800	73,151,100	30,590,300	120,627,100	141,247,600	20,620,500
Highway Bond				50,000,000	550,000,000	500,000,000			
TOTAL ADDITIONAL	349,194,600	391,671,800	42,477,200	755,435,700	1,612,331,700	856,896,000	1,270,623,200	1,765,625,700	495,002,500

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Executive Branch

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds	5,000,000	12,403,500	7,403,500	1,598,408,701	2,009,996,001	411,587,300	33,238,200	59,679,300	26,441,100
Federal Funds				109,333,700	130,183,700	20,850,000	14,046,500	14,046,500	
Road Fund				27,192,000	27,192,000		7,280,000	7,280,000	
Bond Funds	5,700,000	5,700,000		603,931,000	814,885,000	210,954,000			
Agency Bonds	23,500,000	23,500,000		499,742,000	282,863,000	(216,879,000)			
Capital Construction Surplus				3,000,000	3,000,000				
Investment Income				7,601,000	7,601,000		10,501,000	10,501,000	
Other Funds	67,000,000	67,000,000		535,607,000	756,247,000	220,640,000	2,909,000	2,159,000	(750,000)
TOTAL CAPITAL	101,200,000	108,603,500	7,403,500	3,384,815,401	4,031,967,701	647,152,300	67,974,700	93,665,800	25,691,100

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Judicial Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	274,911,700	274,911,700		339,146,300	265,785,800	(73,360,500)	387,618,800	295,885,800	(91,733,000)
Restricted Funds	25,259,900	25,259,900		33,583,200	43,583,200	10,000,000	28,790,400	38,790,400	10,000,000
Federal Funds	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Regular Total Funds	303,244,700	303,244,700		373,860,900	310,500,400	(63,360,500)	417,579,800	335,846,800	(81,733,000)
Use of Continuing	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
TOTAL FUNDS	294,427,900	294,427,900		385,892,900	322,532,400	(63,360,500)	418,088,200	336,355,200	(81,733,000)

II. EXPENDITURE CATEGORY

Personnel Costs	196,040,400	196,040,400		252,423,600	200,055,700	(52,367,900)	262,179,000	195,123,900	(67,055,100)
Operating Expenses	97,692,500	97,692,500		125,920,900	114,928,300	(10,992,600)	147,434,200	135,661,300	(11,772,900)
Capital Outlay	695,000	695,000		7,548,400	7,548,400		8,475,000	5,570,000	(2,905,000)
TOTAL EXPENDITURES	294,427,900	294,427,900		385,892,900	322,532,400	(63,360,500)	418,088,200	336,355,200	(81,733,000)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	274,911,700	274,911,700		273,486,000	262,267,000	(11,219,000)	276,964,900	273,790,600	(3,174,300)
Restricted Funds	25,259,900	25,259,900		27,038,500	35,733,700	8,695,200	28,790,400	30,548,300	1,757,900
Federal Funds	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Regular Total Funds	303,244,700	303,244,700		301,655,900	299,132,100	(2,523,800)	306,925,900	305,509,500	(1,416,400)
Use of Continuing	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
TOTAL BASE LEVEL	294,427,900	294,427,900		313,687,900	311,164,100	(2,523,800)	307,434,300	306,017,900	(1,416,400)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				65,660,300	3,518,800	(62,141,500)	110,653,900	22,095,200	(88,558,700)
Restricted Funds				6,544,700	7,849,500	1,304,800		8,242,100	8,242,100
TOTAL ADDITIONAL				72,205,000	11,368,300	(60,836,700)	110,653,900	30,337,300	(80,316,600)

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Judicial Branch

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				28,824,000		(28,824,000)			
TOTAL CAPITAL				28,824,000		(28,824,000)			

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Legislative Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Restricted Funds	191,000	191,000		89,600	89,600		217,000	217,000	
Regular Total Funds	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Use of Continuing	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
TOTAL FUNDS	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

II. EXPENDITURE CATEGORY

Personnel Costs	42,095,000	42,095,000		41,685,400	41,685,400		46,969,400	46,969,400	
Operating Expenses	9,533,600	9,533,600		8,443,100	8,443,100		9,461,200	9,461,200	
Capital Outlay	977,500	977,500		1,520,000	1,520,000		220,000	220,000	
TOTAL EXPENDITURES	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Restricted Funds	191,000	191,000		89,600	89,600		217,000	217,000	
Regular Total Funds	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Use of Continuing	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
TOTAL BASE LEVEL	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

Legislative Branch

Capital Budget

Summary Totals

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference

FB 2008-2010 HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
BOND PROJECT RECORD

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				House							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	House	Branch	House
Bond Funds								2,531,000	2,531,000	39,492,000	54,373,000
General Government								2,531,000	2,531,000	15,014,000	24,785,000
Veteran Affairs											
1 Fourth State Veterans Nursing Home				20	10,500,000		10,500,000				
Governors Office of Agricultural Policy											
2 Kentucky Agriculture Heritage Center				20	10,000,000		10,000,000				884,000 *
Kentucky Infrastructure Authority											
3 Fund A Federally Assisted Wastewater Program	20	4,000,000	4,000,000		4,000,000		4,000,000			357,000 *	357,000 *
4 Fund F Drinking Water Revolving Loan Program	20	4,000,000	4,000,000		4,000,000		4,000,000			357,000 *	357,000 *
5 Infrastructure for Economic Development Fund for Coal-Producing Counties	20	50,000,000	50,000,000		50,000,000		50,000,000			4,420,000 *	4,420,000 *
6 Infrastructure for Economic Development Fund for Non-Coal-Producing Counties				20	100,000,000		100,000,000				8,840,000 *
Governors Office for Local Development											
7 Community Development Projects-Lake Malone State Park Improvements	20	200,000	200,000		200,000		200,000			12,000	12,000
8 Community Development Projects-Pikeville Medical Center	20	1,500,000	1,500,000		1,500,000		1,500,000			69,000	69,000
9 Flood Control Matching Funds	20	2,200,000	2,200,000		2,200,000		2,200,000			99,000	99,000
10 Louisville Zoo- Glacier Run	20	6,000,000	6,000,000		6,000,000		6,000,000			266,000	266,000
Agriculture											
11 Animal Shelters	7	2,500,000	2,500,000		3,000,000		3,000,000			223,000	270,000
Kentucky River Authority											
12 Kentucky River Locks and Dams Maintenance and Renovations Pool	20	17,500,000	17,500,000		17,500,000		17,500,000			774,000	774,000
School Facilities Construction Commission											
13 Offers of Assistance - 2008-2010	20	100,000,000	100,000,000		100,000,000		100,000,000	2,531,000	2,531,000	8,437,000 *	8,437,000 *
Commerce										1,242,000	2,035,000
Parks											
14 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		4,000,000		4,000,000			265,000	265,000
15 Parks Renovation Pool	20	8,000,000	8,000,000		8,000,000		8,000,000			354,000	354,000

* - Denotes Full-year debt service

Boxed dollar amounts in project lines signify a change from prior version. Bond terms only displayed if changed from previous version.

Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				House				Branch	House	Branch	House
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL				
State Fair Board											
16 Upgrade HVAC Systems	20	2,000,000	2,000,000		2,000,000		2,000,000			181,000 *	181,000 *
Fish and Wildlife Resources											
17 Kentucky Wetland and Stream Mitigation Fund	20	10,000,000	10,000,000		10,000,000		10,000,000			442,000	442,000
Kentucky Center for the Arts											
18 Major Maintenance & Renovation Pool	20				8,954,000		8,954,000				793,000 *
Economic Development		50,000,000	50,000,000	50,000,000		50,000,000				2,210,000	2,210,000
Financial Incentives											
19 Economic Development Bonds	20	50,000,000	50,000,000		50,000,000		50,000,000			2,210,000	2,210,000
Department of Education		18,250,000	18,250,000	20,250,000		20,250,000				1,229,000	1,320,000
Operation and Support Services											
20 FFA Leadership Training Center Renovation	20				2,000,000		2,000,000				91,000
21 Knowledge Management Portal	10	3,250,000	3,250,000							221,000	
22 Knowledge Management Portal/KIDS	10				6,250,000		6,250,000				421,000
23 On-Line Assessment	10	15,000,000	15,000,000		8,000,000		8,000,000			1,008,000	538,000
24 Student Data Management System - Phase 2	10				4,000,000		4,000,000				270,000
Environmental and Public Protection		37,000,000	37,000,000	37,000,000		37,000,000				2,212,000	2,212,000
General Administration											
25 Heritage Land Conservation Program	20	10,000,000	10,000,000		10,000,000		10,000,000			442,000	442,000
Environmental Protection											
26 State Owned Dam Repair	20	2,000,000	2,000,000		2,000,000		2,000,000			91,000	91,000
Petroleum Storage Tank Environmental Assurance Fund											
27 Petroleum Underground Storage Tank	10	25,000,000	25,000,000		25,000,000		25,000,000			1,679,000	1,679,000
Finance and Administration		26,000,000	26,000,000	26,000,000		26,000,000				1,327,000	1,327,000
Facilities and Support Services											
28 Maintenance Pool - 2008-2010	10	8,000,000	8,000,000		8,000,000		8,000,000			531,000	531,000

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				House				Branch	House	Branch	House
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL				
Commonwealth Office of Technology											
29 Public Safety Commission Infrastructure -20	18,000,000		18,000,000							796,000	
KEWS - Additional											
30 Public Safety Communications Infrastructure-Additional				20	18,000,000		18,000,000				796,000
Health and Family Services				24,000,000		24,000,000	44,000,000		44,000,000	1,152,000	2,478,000
General Administration											
31 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		4,000,000		4,000,000			265,000	265,000
Mental Health/Mental Retardation											
32 Construct Hazelwood Intermediate Care Facility				20	10,000,000		10,000,000				884,000 *
33 Construct New Glasgow State Nursing Facility	20	18,000,000	18,000,000		18,000,000		18,000,000			796,000	796,000
Public Health											
34 Local Health Department Infrastructure Pool				20	10,000,000		10,000,000				442,000
Community Based Services											
35 Brooklawn Child and Family Services	20	2,000,000	2,000,000		2,000,000		2,000,000			91,000	91,000
Justice and Public Safety				43,799,000		43,799,000	43,799,000		43,799,000	2,024,000	2,024,000
Corrections											
36 Expand Little Sandy Correctional Complex20	39,799,000		39,799,000		39,799,000		39,799,000			1,759,000	1,759,000
37 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		4,000,000		4,000,000			265,000	265,000
Postsecondary Education				173,682,000		173,682,000	232,682,000		232,682,000	9,725,000	12,625,000
Council on Postsecondary Education											
38 Capital Renewal and Maintenance Pool	20	13,927,000	13,927,000		13,927,000		13,927,000			1,231,000 *	1,231,000 *
39 Information Technology and Equipment Acquisitions Pool	7	10,000,000	10,000,000		10,000,000		10,000,000			884,000	884,000
40 Regional University Excellence Trust Fund20	10,000,000		10,000,000		18,000,000		18,000,000			503,000	906,000
41 Research Challenge Trust Fund	20	50,000,000	50,000,000		97,000,000		97,000,000			2,516,000	4,880,000
42 Research Support/Lab Renovation and Equipment	20	6,000,000	6,000,000		6,000,000		6,000,000			267,000	267,000

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service		
	Branch				House				Branch	House	Branch	House
	Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL				
Eastern Kentucky University												
43 EKU-UK Dairy Research Project (Meadowbrook Farm)	20	5,300,000		5,300,000		5,300,000		5,300,000			471,000 *	471,000 *
Kentucky State University												
44 Expand and Renovate Betty White Nursing Building	20	4,900,000		4,900,000						218,000		
45 Expand/Renovate, Construct, or Acquire Existing Structure for the Betty White Nursing Complex					20	4,900,000		4,900,000				218,000
Morehead State University												
46 Construct Business Continuance Datacenter	20	2,500,000		2,500,000		2,500,000		2,500,000			112,000	112,000
47 Replace Power Plant Pollution Control System and Boiler Tube	20	5,700,000		5,700,000						507,000 *		
Morehead State University					20	5,700,000		5,700,000				507,000 *
University of Kentucky												
49 Expand and Upgrade Livestock Disease Diagnostic Center Phase II	20	13,500,000		13,500,000		13,500,000		13,500,000			597,000	597,000
Western Kentucky University												
50 Construct Materials Characterization/ICSET-Phase II	20	4,500,000		4,500,000		4,500,000		4,500,000			201,000	201,000
51 Renovate Science Campus Phase III	20	9,000,000		9,000,000		9,000,000		9,000,000			398,000	398,000
52 Replace Ford College of Business-Grise Hall Phase I	20	5,800,000		5,800,000		5,800,000		5,800,000			258,000	258,000
Kentucky Community and Technical College System												
53 Advanced Technology Center-Owensboro CTC	20	14,055,000		14,055,000		14,055,000		14,055,000			622,000	622,000
54 Construct Carrollton Campus-Jefferson CTC	20	12,000,000		12,000,000		12,000,000		12,000,000			531,000	531,000
55 Energy and Advanced Technology Center-Madisonville CC	20	4,000,000		4,000,000		4,000,000		4,000,000			179,000	179,000
56 LCC Classroom/Lab Building - Additional Reauthorization (\$31,741,000 Bond Funds)					20	4,000,000		4,000,000				179,000
57 Licking Valley Campus-Phase II-Maysville CC	20	1,000,000		1,000,000		1,000,000		1,000,000			93,000 *	47,000
58 Rowan County Campus-Planning and Design	20	1,500,000		1,500,000		1,500,000		1,500,000			137,000 *	137,000 *

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				House							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	House	Branch	House
Transportation											
Vehicle Regulation											
59 Replace AVIS System	10	25,000,000	25,000,000		25,000,000		25,000,000			3,357,000 *	3,357,000 *
Agency Bonds											
General Government											
Military Affairs											
60 Bluegrass Station - Infrastructure Improvements	20	3,700,000	3,700,000		3,700,000		3,700,000			331,000 *	331,000 *
Postsecondary Education											
Eastern Kentucky University											
61 Construct New Student Housing	20	21,000,000	21,000,000		21,000,000		21,000,000			1,857,000 *	1,857,000 *
62 Renovate Residence Hall	20	10,000,000	10,000,000		10,000,000		10,000,000			884,000 *	884,000 *
Kentucky State University											
63 Construct Parking Structure	20	7,000,000	7,000,000		7,000,000		7,000,000			620,000 *	620,000 *
Morehead State University											
64 Capital Renewal & Maintenance Pool - Auxiliary	20	1,383,000	1,383,000							127,000 *	
65 Comply with ADA - Auxiliary	20	2,727,000	2,727,000							245,000 *	
66 Construct Campus Recreation Center	20	39,000,000	39,000,000		39,000,000		39,000,000			3,448,000 *	3,448,000 *
67 Construct Food Services Facility in Housing Complex	20	8,251,000	8,251,000							731,000 *	
68 Construct Parking Structure	20	7,000,000	7,000,000							620,000 *	
69 Renovate Alumni Tower Residence Hall	20	4,631,000	4,631,000		4,631,000		4,631,000			413,000 *	413,000 *
70 Renovate Mignon Tower Residence Hall	20	5,682,000	5,682,000		5,682,000		5,682,000			505,000 *	505,000 *
Murray State University											
71 Abate Asbestos: H&D Pool <\$600,000	20	1,423,000	1,423,000							130,000 *	
72 Complete ADA Compliance: H&D Pool<\$600,000	20	744,000	744,000							71,000 *	
73 Complete Capital Renewal: H&D Pool <\$600,000	20	7,617,000	7,617,000		7,617,000		7,617,000			675,000 *	675,000 *
74 Complete Life Safety Project: H&D Pool<\$600,000	20	388,000	388,000							40,000 *	

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				House				Branch	House	Branch	House
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL				
75	Renovate Buildings: H&D Pool <\$600,000	20	605,000		605,000		605,000			59,000 *	59,000 *
76	Renovate Curriss Center T-Room & Food Service Equipment	20	908,000							86,000 *	
77	Renovate Regents Hall	20	10,220,000							904,000 *	
78	Renovate White Hall	20	9,600,000							850,000 *	
79	Replace Franklin Hall	20	15,000,000		15,000,000		15,000,000			1,326,000 *	1,326,000 *
80	Replace Richmond Hall - Additional	20	1,923,000		1,923,000		1,923,000			174,000 *	174,000 *
Northern Kentucky University											
81	Acquire & Renovate Residence Halls	20	23,500,000		23,500,000		23,500,000			2,078,000 *	2,078,000 *
82	Construct Parking Garage #4	20	11,500,000							1,017,000 *	
83	Construct/Acquire New Residence Hall	20	30,000,000							2,652,000 *	
84	Renovate/Expand Norse Commons	20	7,000,000		7,000,000		7,000,000			620,000 *	620,000 *
University of Kentucky											
85	Construct New Housing	20	28,000,000							2,475,000 *	
86	Renovate Blazer Hall Cafeteria	20	2,800,000		2,800,000		2,800,000			252,000 *	252,000 *
87	Renovate Student Center Food Court	20	2,675,000		2,675,000		2,675,000			241,000 *	241,000 *
88	Sanitary Sewer Expansion	20	10,000,000							884,000 *	
89	Sanitary Sewer/Underground Utilities Expansion and Replacement	20			10,000,000		10,000,000				884,000 *
90	Upgrade Existing Dorms for Housing	20	7,000,000							620,000 *	
University of Louisville											
91	Construct - Health Sciences Campus Parking Structure II	20	30,700,000		30,700,000		30,700,000			2,714,000 *	2,714,000 *
92	Construct - Health Sciences Campus Parking Structure III	20	38,735,000							3,425,000 *	
93	Construct - Health Sciences Campus Research III Additional	20	15,800,000		15,800,000		15,800,000			1,397,000 *	1,397,000 *
94	Construct Westside Dining Facility	20	5,370,000		5,370,000		5,370,000			477,000 *	477,000 *
95	Expand Student Activities Center	20	9,960,000		9,960,000		9,960,000			881,000 *	881,000 *
96	Expand/Renovate Dental School	20	38,700,000		38,700,000		38,700,000			3,421,000 *	3,421,000 *
97	Purchase - Central Station Property	20	9,000,000							796,000 *	
Western Kentucky University											
98	Acquire Property and Construct Parking Lots	20	4,600,000		4,600,000		4,600,000			409,000 *	409,000 *
99	Expand Preston Center - Phase II Construction	20	11,500,000		11,500,000		11,500,000			1,017,000 *	1,017,000 *
100	Renovate Downing University Center Phase III	20	46,000,000							4,067,000 *	
101	Renovate Garrett Conference Center Phase I	20	4,000,000							357,000 *	

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	Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
	Branch				House							
	Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	House	Branch	House
102 Renovate Ivan Wilson Center Phase I	20	9,200,000		9,200,000		9,200,000		9,200,000			814,000 *	814,000 *
103 Renovate Van Meter Hall	20	18,400,000		18,400,000		18,400,000		18,400,000			1,627,000 *	1,627,000 *

Road Fund Bonds		50,000,000		50,000,000		550,000,000		550,000,000		22,099,000		2,210,000		46,407,000
Transportation		50,000,000		50,000,000		550,000,000		550,000,000		22,099,000		2,210,000		46,407,000
Highways														
104 (3) Economic Development Road Bonds	20	50,000,000		50,000,000		50,000,000		50,000,000				2,210,000		2,210,000
105 (6) Economic Development Road Bonds					20	500,000,000		500,000,000		22,099,000				44,197,000 *

Summary

Bond Funds	609,631,000		609,631,000		820,585,000		820,585,000		2,531,000		2,531,000		39,492,000		54,373,000
Agency Bonds	523,242,000		523,242,000		306,363,000		306,363,000						46,337,000		27,124,000
Road Fund Bonds	50,000,000		50,000,000		550,000,000		550,000,000			22,099,000		2,210,000		46,407,000	
Totals	1,182,873,000		1,182,873,000		1,676,948,000		1,676,948,000		2,531,000	24,630,000		88,039,000		127,904,000	

Note 1: The bonds proposed for the Research Challenge Trust Fund and the Regional University Excellence Trust Fund through the Council on Postsecondary Education are assumed to be taxable.

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General Parts

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**Fiscal Biennium 2008-2010
Budget Modification Report**

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Part II - Capital Projects Budget

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part IV, Capital Projects Budget, includes the following directives:

(1) **Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2008-2010 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) **Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

(3) **Bond Proceeds Investment Income:** Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b) and 48.720 or any other provision of this Act, any funds appropriated but not required to pay debt service because of this fund source substitution shall be credited to the Statewide Deferred Maintenance Fund account each year. Unneeded debt service resulting from any other circumstance shall lapse in accordance with KRS 48.010(13)(b) and 48.720 and any other provision of this Act except for the following: if the fund balance in the Emergency Repair, Maintenance, and Replacement Account falls below \$5,000,000 in fiscal year 2008-2009, any debt service lapse necessary to bring the fund balance to \$5,000,000 in that fiscal year may be credited to the Emergency Repair, Maintenance, and Replacement Account. No transfer to the Emergency Repair, Maintenance, and Replacement Account, or the Statewide Deferred Maintenance Fund account, shall be made based on the above provisions if the lapse from other General Fund accounts is insufficient to meet appropriations approved in other Parts of this Act.

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(4) **Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; the Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary Education Institutions Research Support - Lab Renovation and Equipment Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee.

(5) **Bond Issues for Tobacco and Non-Coal Producing Counties:** Any authorized bond project from the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties may be financed from any associated bond issue for the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties.

(6) **Capital Construction and Equipment Purchase Contingency Account:** If funds in the Capital Construction and Equipment Purchase Contingency Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(7) **Emergency Repair, Maintenance, and Replacement Account:** If funds in the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(8) **Postsecondary Education Institutions – Vetoed General Fund Bond Projects:** Notwithstanding KRS 45.760, each postsecondary education institution budget unit that has capital projects funded with General Fund supported bond funds appropriated in Part II, Capital Projects Budget, K, 3., 4., 5., 8., 10., and 11., that were also included in Partial Veto Number 4 of 2006 House Bill

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380 (2006 Ky. Acts ch. 252), may request to reallocate all or a portion of those bond fund appropriations to another capital project. The request shall be made to the Council on Postsecondary Education. The request shall provide the amount to be reallocated, the project to which the reallocation is requested with a full description of that project, and the justification for the reallocation. Upon the approval of the Council on Postsecondary Education, the Council shall submit the request to the Secretary of the Finance and Administration Cabinet for approval. Upon the approval by the Secretary of the Finance and Administration Cabinet and prior to the execution of the reallocation, the Secretary must report the action to the Capital Projects and Bond Oversight Committee of the Legislative Research Commission at a regularly scheduled monthly meeting.

(9) Council on Postsecondary Education – Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 must be included in this Act.

(10) Council on Postsecondary Education – Information Technology and Equipment Acquisitions Pool: The Technology and Equipment Pool appropriated to the Council on Postsecondary Education will provide funds to upgrade and replace technology supporting the Kentucky Virtual University and Virtual Library, and also provide funds to institutions to purchase new or replacement campus-based information technology and instructional equipment. Any individual project exceeding \$600,000 must be included in this Act.

(11) Council on Postsecondary Education – Research Support/Lab Renovation and Equipment Pool: The Research Support/Lab Renovation and Equipment Pool appropriated to the Council on Postsecondary Education provides a pool of funds for Research Support to include lab renovations and research equipment. Two-thirds of the funding will be distributed to the University of Kentucky and one-third of the funding will be distributed to the University of Louisville. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

(12) Military Affairs – Source of Funds for Maintenance Projects: Royalties received from the sale of natural resources at the Wendell H. Ford Regional Training Center in excess of the amount included in the 2008-2010 enacted budget to be deposited in the General Fund, up to \$250,000 in each fiscal year, shall be deposited to a capital maintenance pool for the Department of Military

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Affairs and used to match federal funds received for maintenance, renovation, and repair of the Department's facilities and major items of equipment.

HOUSE REPORT

The House concurs with the Branch with the following change:

The House adds Part II, language provision as follows:

(4) Appropriations for Projects Not Line-Itemized: - Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects, and Broadband Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; the Postsecondary Education Institutions Information Technology and Equipment Pool; the Postsecondary Education Institutions Research Support - Lab Renovation and Equipment Pool; the Local and District Health Department Infrastructure Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee no later than 30 days after the allocation associated with the project or equipment item is made. The report shall identify the need for, and provide a brief description of, each project or equipment item.

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BRANCH BUDGET

The State/Executive Branch Budget Bill, Part III, General Provisions includes the following directives:

1. Funds Designations: Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, and other miscellaneous federal receipts received by a budget unit, the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

2. Expenditure of Excess Restricted Funds or Federal Funds Receipts: If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2008-2009 or fiscal year 2009-2010, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 and this Act, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

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Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. In the event that General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2008-2009 or fiscal year 2009-2010, respectively, then the appropriation increase may be approved. In the event that the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2008-2010 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

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Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2 of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

4. Revision of Appropriation Allotments: Allotments within appropriated sums for the activities and purposes contained in the enacted State/Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

5. Appropriations Expenditure Purpose and Transfer Restrictions: Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.

6. Permitted Appropriation Obligations: No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly, legislative and executive records, and the statutory budget memorandum.

7. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

8. Federally Funded Agencies: A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

9. Lapse of General Fund or Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.

10. Statutes in Conflict: All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

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11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering the provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.

12. Interpretation of Appropriations: All questions that arise in interpreting any appropriation in this Act as to the purpose or manner for which the appropriation may be expended shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2008 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, State/Executive Budget and Judicial Budget as enacted by the 2008 Regular Session, as well as other Acts which contain appropriation provisions for the 2008-2010 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2008 Regular Session, and the statutory budget memorandum. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class and for the State/Executive Budget, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted State/Executive Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.

14. State Financial Condition: Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

15. Prorating Administrative Costs: The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate

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federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2008 Regular Session of the General Assembly. If any executive reorganization order issued from sine die adjournment of the 2007 Regular Session to sine die adjournment of the 2008 Regular Session was not confirmed by the 2008 Regular Session of the General Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation with agency heads and with notification to the Legislative Research Commission, transfer the balance of funds for any affected program or function for fiscal year 2007-2008 and any related appropriations and funds for each of the next two fiscal years from the budget unit in which the program or function was placed by the executive reorganization order to the budget unit in which the program or function resided prior to the reorganization action or in which it was placed by action of the 2008 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2009, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.117, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By October 15, 2009, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss effected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2008 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

20. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

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21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

22. Unclaimed Lottery Prize Money: For fiscal year 2008-2009 and fiscal year 2009-2010, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Sales and Use Tax Collection and Remittance Compensation: Notwithstanding KRS 139.570, for the periods after June 30, 2006, the total reimbursement allowed per taxpayer in any month shall not exceed \$1,500. Notwithstanding KRS 139.240, 139.250 or 139.700, after the effective date of this Act, separate permit numbers for a taxpayer with different business locations shall not be issued.

24. Abandoned Property Held by Financial Institutions: Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years.

25. Sale of Abandoned Property by Finance and Administration Cabinet: Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2008-2010 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.

26. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

27. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700, and KRS 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2008-2009, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The

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amounts from the undesignated fiscal year 2008-2009 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2008-2010 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

28. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2008-2009 and fiscal year 2009-2010 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

29. Confirmation of Budget Reduction: The General Assembly acknowledges that during fiscal year 2007-2008 General Fund revenues were less than the enacted estimates pursuant to KRS 48.120(3) and that the 2006 General Assembly had enacted the branch budget bills in 2006 Ky. Acts chs. 229, 250, and 252 based upon the anticipated revenue estimates.

The 2006 General Assembly enacted the 2006-2008 biennium General Fund Budget Reduction Plan for fiscal year 2007-2008 in 2006 Ky. Acts ch. 252, Part VI, for state government pursuant to KRS 48.130(1) and (3). These statutes and Acts provide direction and authority by which the heads of the executive, judicial, and legislative branches shall revise and reduce appropriations and allotments and other deficit alleviation actions for their respective branch budget units under KRS 48.130(4).

Notwithstanding KRS 48.130 and 48.600, the General Assembly confirms, adopts, and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and confirms and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01.

30. Abandonment of Traveler's Checks: Notwithstanding KRS 393.060, traveler's checks held or owing by a banking or financial organization shall be presumed abandoned when the period of time the traveler's checks have been outstanding exceeds seven years,

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unless the owner has within seven years corresponded in writing with the banking or financial organization concerning the traveler's checks, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

31. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009 and fiscal year 2009-2010. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

32. Appropriation of Budget Reserve Trust Fund: Pursuant to KRS 48.705 \$189,775,400 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

HOUSE

The House concurs with the Branch with the following changes:

The House amends the State/Executive Branch Budget Bill, Part III, Special Provisions, to include the following language provisions:

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31. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

32. Appropriation of Budget Reserve Trust Fund: Pursuant to KRS 48.705 \$198,739,000 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

The House adds Part III, Special Provisions, language provision as follows:

33. General Fund Expenditure Reductions The Governor shall reduce General Fund expenditures appropriated in this Act by \$255,000,000 in fiscal year 2008-2009 and by \$255,000,000 in fiscal year 2009-2010. This reduction shall be achieved in part by, but not limited to, the following measures:

a. Beginning May 1, 2008, the Kentucky Retirement System shall provide to the Secretary of the Personnel Cabinet a listing of all employees of the Executive Branch that submitted requests to begin to receive retirement benefits the preceding month. The Secretary of the Personnel Cabinet shall determine the retiring employee's last agency of employment and provide the Office of State Budget Director the total salaries of all employees that have retired by individual agency. In consultation with the State Budget Director, the

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Secretary of the Finance and Administration Cabinet shall utilize this information and determine the amount of General Fund moneys included in the agency budget for fiscal year 2008-2009 and fiscal year 2009-2010 for the retiring employees. The Secretary of the Finance and Administration Cabinet shall then transfer that amount from the agency allocation back to the General Fund in fiscal year 2008-2009. If the amounts transferred in fiscal year 2008-2009 exceed \$85,000,000, then the excess shall be returned to the agencies on a pro rata basis. The same amount transferred in fiscal year 2008-2009, up to \$85,000,000, shall be transferred from the agencies to the General Fund in fiscal year 2009-2010. The Secretary of the Finance and Administration Cabinet shall provide a monthly report to the Interim Joint Committee on Appropriations and Revenue of the amount transferred to the General Fund by each agency the previous month.

b. The Finance and Administration Cabinet is hereby directed to restructure the General Fund-supported debt of the Commonwealth and capture all available General Fund debt service in fiscal years 2008-2009 and 2009-2010 as a result of the restructuring. The restructuring of the debt is to be accomplished using tax-exempt bonds and taxable bonds. Debt service payments shall not commence until after July 1, 2010, for the restructured components.

c. The Finance and Administration Cabinet, in conjunction with other Executive Branch agency heads, shall identify efficiencies and cost-saving measures that will result in a direct savings to the Commonwealth.

d. Any appropriated debt service for projects authorized prior to the effective date of this Act that lapses at the end of fiscal year 2008-2009 and fiscal year 2009-2010 shall be applied toward the \$255,000,000 required expenditure reduction in each fiscal year.

34. Office Space: Pursuant to KRS 56.463(4)(b), the legislative branch had and has the legal authority to occupy certain space in the New State Capitol Annex, as of certain occupancy dates described by the October 1, 2003 Resolution of the Legislative Research Commission. On or before July 1, 2008, the Secretary of the Finance and Administration Cabinet shall ensure that the New State Capitol Annex space allocated to the legislative branch by KRS 56.463(4)(b), and designated for occupancy by the October 1, 2003 Resolution of the Legislative Research Commission adopted pursuant to KRS 56.463(4)(b) and as specified in subsections (a) and (b) below, shall be vacated by the executive branch and available for immediate occupancy by the legislative branch as follows:

a. The legislative branch shall occupy the following additional space on the second floor of the New State Capitol Annex: Starting at the center (north-south) hallway and proceeding west on the south side of the east-west hallway, all space (approximately 3,072 square feet) in the area from the third pilaster to and including the ninth pilaster, comprising the offices 265 to 275, except for the elevators,

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public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008; and

b. The legislative branch shall occupy the following additional space on the third and fourth floors of the New State Capitol Annex: Starting at the center (north/south) hallway on each floor and proceeding west, all space (approximately 4,096 square feet on each floor) south of the east/west hallway to and including the ninth pilaster, and the area going south from the center (north/south) hallway on each floor from the first to the third pilaster on the west side of the hallway; and comprising the area going south from the center (north/south) hallway on each floor, all space (approximately 3,328 square feet on each floor) on the west side of each hallway beginning at the third pilaster at the north/south hallway to the south end of the building; except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008.

The Secretary of the Finance and Administration Cabinet shall be authorized to lease such additional space as may be necessary to comply with the provisions of this section. Expenditures required by the implementation of this section related to securing, if necessary, additional leased office space by the executive branch, the relocation of executive branch personnel, and the relocation of offices that is required by this section, including moving expenses, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) or, if the expenditures required to implement this section exceed the funds available in those accounts, notwithstanding KRS 45.770, the Finance and Administration Cabinet shall transfer sufficient funds in the Capital Construction and Equipment Purchase Contingency Account to a capital project account to be used for expenditures necessary to implement the requirements of this section. Prior to making a transfer, the Finance and Administration Cabinet shall present the proposed transfer to the Capital Projects and Bond Oversight Committee for review at least 14 days prior to a meeting of the committee as required by KRS 45.800. No portion of funds transferred for this purpose shall be used for any other purpose. Lack of funds in any of the accounts referenced in this section shall not excuse compliance with this section.

If the Secretary of the Finance and Administration Cabinet fails or refuses to fully and timely comply with the requirements of this section, the Legislative Research Commission may petition the Franklin Circuit Court for a writ of mandamus to compel the Secretary's compliance with the requirements of this section.

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Any expenditure authorized by the Legislative Research Commission relating to implementation of KRS 56.463(4)(b) and funded by previous appropriations to the legislative branch shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(14), and 48.020.

35. Kentucky Wine and Vine Fest: The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

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Part IV - State Salary/Compensation and Employment Policy

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy includes the following directives:

"Maximum Filled Permanent Positions: Notwithstanding KRS 18A.010(2), for the 2008-2010 fiscal biennium, the total number of filled permanent positions in the agencies of the Executive Branch is limited to the number authorized in the enacted State/Executive Budget of the Commonwealth for the 2008-2010 fiscal biennium."

"Authorized Personnel Complement: On July 1, 2008, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent and other positions based upon the enacted State/Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled and vacant positions of permanent full-time, permanent part-time, and all other positions shall not exceed the authorized complements pursuant to this section. When an agency head certifies that an emergency employment situation exists for a limited time within a fiscal year, the State Budget Director may approve, and the Secretary of the Personnel Cabinet may authorize, the employment of individuals in addition to the authorized complement for the duration of the limited time period so authorized within the fiscal year. A copy of records, certifications, and actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis."

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of two percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

"Notwithstanding KRS 151B.035(12), for fiscal years 2008-2009 and 2009-2010, the salary adjustments for certified and equivalent employees of the Office of Career and Technical Education shall be made pursuant to the provisions of this Part. Notwithstanding KRS 151B.035(6)(e), the salary schedule for certified and equivalent employees of the Office of Career and Technical Education shall be implemented within the appropriations made in this Act."

"Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program."

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Part IV - State Salary/Compensation and Employment Policy

"Employee Cross-Reference: The Personnel Cabinet shall permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan."

"Employer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 8.50 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2009, through June 30, 2010, shall be 8.5 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance."

"The General Fund moneys directed to be appropriated by 2006 Ky. Acts ch. 252, Part VII, to the Kentucky Retirement Systems to address a portion of the actuarially unfunded liability shall be appropriated to the Kentucky Retirement Systems Insurance Fund as established in KRS 61.701 and shall be allocated in proportion to the contributions required according to KRS 61.702(2) for the Kentucky Employees Retirement System Insurance Fund and the State Police Retirement System Insurance Fund."

HOUSE REPORT

The House concurs with the Branch with the following change:

The House revises the following language to read:

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of two percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

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Part VI - General Fund Budget Reduction Plan

BRANCH BUDGET

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$9,126,637,000 in fiscal year 2008-2009 and \$9,381,189,000 in fiscal year 2009-2010 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected deficit.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

In the event of a revenue shortfall under the provisions of KRS 48.120, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Transfers of excess unappropriated Restricted Funds other than fiduciary funds shall be applied as determined by the head of each branch for its respective budget units;

(3) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(4) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the trust fund balance in fiscal year 2008-2009 and 50 percent of the trust fund balance in fiscal year 2009-2010; and

(5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this section are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is

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Part VI - General Fund Budget Reduction Plan

empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

HOUSE REPORT

The House concurs with the Branch.

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Part VII - General Fund Surplus Expenditure Plan

BRANCH BUDGET

(1) Pursuant to KRS 48.700 and notwithstanding KRS 48.140, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2008-2009 and 2009-2010. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys in the General Fund undesignated fund balance in excess of the amount specified in Part III, General Provisions, Section 27, of this Act are appropriated to the following:

(a) Authorized expenditures without a sum specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;

(b) Increased support to the Budget Reserve Trust Fund; and

(c) The Kentucky Teachers' Retirement System's medical insurance fund as established in KRS 161.420 to augment the state medical insurance stabilization contribution as established in KRS 161.550.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of the fiscal year 2007-2008, and the close of fiscal year 2008-2009, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan respectively in fiscal year 2007-2008 and fiscal year 2008-2009. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

Subsequent to June 30, 2008, funds that are certified as being available in the actual General Fund undesignated fund balance for the General Fund Surplus Account are appropriated for expenditure in fiscal year 2007-2008 pursuant to the Plan.

HOUSE REPORT

The House concurs with the Branch.

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Part VIII - Road Fund Budget Reduction Plan

BRANCH BUDGET

There is established a Road Fund Budget Reduction Plan for fiscal year 2008-2009 and fiscal year 2009-2010. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of \$1,324,806,400 in fiscal year 2008-2009 and \$1,405,103,400 in fiscal year 2009-2010 as determined by KRS 48.120(3), the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

HOUSE REPORT

The House concurs with the Branch.

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Part IX - Road Fund Surplus Expenditure Plan

BRANCH BUDGET

Notwithstanding KRS 48.140 and pursuant to KRS 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be deposited in the State Construction Account and utilized to support projects in the fiscal biennium 2008-2010 Biennial Highway Construction Program.

HOUSE REPORT

The House concurs with the Branch.

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Part X - Phase I Tobacco Settlement

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes language provisions that direct:

"(1) General Purpose: This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) State's MSA Share: The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) MSA Payment Amount Variables: The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) Distinct Identity of MSA Payment Deposits: The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a

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Part X - Phase I Tobacco Settlement

distinct identity as Phase I Tobacco Settlement payments that, shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) MSA Payment Estimates and Adjustments: Based on the current estimates as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2008-2009 is \$119,690,000 and in fiscal year 2009-2010 is \$121,580,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. Any appropriations made from the estimated receipts are subject to adjustments based on actual receipts as received and certified by the Secretary of the Finance and Administration Cabinet.

a. State Enforcement: Notwithstanding KRS 248.654, a total of \$275,000 of the MSA payments received each fiscal year of the 2008-2010 biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. Agricultural Development Initiatives: Fifty percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$59,707,500, and in fiscal year 2009-2010, estimated to be \$60,652,500, is appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives.

c. Early Childhood Development Initiatives: Twenty-five percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$29,853,700, and in fiscal year 2009-2010, estimated to be \$30,326,300, is appropriated for Early Childhood Development Initiatives as specified below.

d. Health Care Initiatives: Twenty-five percent of the MSA payments received, less the above enforcement appropriations, in fiscal year 2008-2009, estimated to be \$29,853,800, and in fiscal year 2009-2010, estimated to be \$30,326,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.

(6) MSA Appropriation Adjustments - Prior Year Receipts Received: In the event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are received in a subsequent fiscal year, those revenues are hereby appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood Development Fund, and 25 percent to the Health Care Improvement Fund.

a. Early Childhood Development: From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Early Childhood Development Fund, the Early Childhood Development Authority shall recommend to the State Budget Director for approval the specific appropriations to be made to the existing initiatives.

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Part X - Phase I Tobacco Settlement

b. Health Care Improvement: From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Health Care Improvement Fund, appropriations shall be made pursuant to KRS 304.17B-003(5).

B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

Tobacco Settlement Funds - Allocations: Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in fiscal year 2008-2009 and \$9,000,000 in fiscal year 2009-2010 for the Environmental Stewardship Program.

Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

C. EARLY CHILDHOOD DEVELOPMENT

Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program.

HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, Reach Out and Read, and Kentucky Early Intervention Services First Steps: Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in fiscal years 2008-2009 and 2009-2010 for the Health Access Nurturing Development Services (HANDS) Program; \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives; \$2,313,400 in fiscal years 2008-2009 and 2009-2010 for Universal Children's Immunizations; \$400,000 in fiscal year 2008-2009 and \$400,000 in fiscal year 2009-2010 for the Folic Acid Program; \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in fiscal year 2009-2010 for Early Childhood Mental Health; \$510,500 in fiscal years 2008-2009 and 2009-2010 for Early Childhood Oral Health; \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for Reach Out and Read; and \$1,000,000 in fiscal years 2008-2009 and 2009-2010 for the Kentucky Early Intervention Services First Steps Program.

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Part X - Phase I Tobacco Settlement

Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment.

Universal Newborn Hearing Screening and Vision Screening: Included in the above General Fund (Tobacco) appropriation is \$352,000 in each fiscal year for the Universal Newborn Hearing Screening and Vision Screening programs.

Children's Advocacy Centers: Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for Children's Advocacy Centers.

Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 for Early Childhood Scholarships.

D. HEALTH CARE IMPROVEMENT APPROPRIATIONS

Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:

Kentucky Access Program: Included in the above General Fund (Tobacco) appropriation is \$19,551,300 in fiscal year 2008-2009 and \$19,881,900 in fiscal year 2009-2010 for the Kentucky Access Program.

Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is \$2,793,000 in fiscal year 2008-2009 and \$2,840,300 in fiscal year 2009-2010 for the Smoking Cessation Program.

Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy.

Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$775,000 in fiscal year 2008-2009 and \$775,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky."

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Part X - Phase I Tobacco Settlement

HOUSE REPORT

The House concurs with the Branch with the following changes:

The House includes the following language under, "**B. Agricultural Development Appropriations, 1. General Government, a. Governor's Office of Agricultural Policy**":

"(2) Tobacco Settlement Funds- Debt Service: Included in the above General Fund (Tobacco) appropriation is \$884,000 in fiscal year 2009-2010 for new debt service to support \$10,000,000 of new bonds as set forth in Part II, Capital Projects Budget, of this act for the Kentucky Agriculture Heritage Center.

(3) Agricultural Development Appropriations: Notwithstanding KRS 248.703(1)(a), funds received in the Rural Development Fund that exceed the General Fund (Tobacco) dollars appropriated in fiscal year 2007-2008 pursuant to HB 380 (Part X, Phase I Tobacco Settlement, B. Agricultural Development Appropriations), shall not be subject to distribution to the counties account, as specified in KRS 248.703(1)(a)."

The House includes the following language under, "**B. Agricultural Development Appropriations, 1. General Government**":

"b. Kentucky Infrastructure Authority

(1) Infrastructure for Economic Development for Non-Coal Producing Counties: Included in the above General Fund (Tobacco) appropriation is \$4,420,000 in fiscal year 2009-2010 for new debt service to support half of the new bonds as set forth in Part II, A., 3., 004., of this Act."

The House amends the following language under, "**D. Health Care Improvement Appropriations, 4. Postsecondary Education, a. Council on Post Secondary Education**":

"(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$975,000 in fiscal year 2008-2009 and \$975,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky. In each fiscal year, \$200,000 in Ovarian Cancer Screening funds shall be allotted for serum Ca-125 tests for women in families at or below 200 percent of the federal poverty level for whom the test has been prescribed by a health care practitioner."

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Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
A - General Government									
Governor's Office of Agricultural Policy									
<u>Tobacco Settlement</u>									
Regular Appropriations	31,800,100	31,800,100		35,291,000	35,291,000		36,234,600	31,814,600	(4,420,000)
Reserve Spending	8,149,000	8,149,000		12,942,800	12,942,800		6,960,900	6,960,900	
TOTAL	39,949,100	39,949,100		48,233,800	48,233,800		43,195,500	38,775,500	(4,420,000)
Kentucky Infrastructure Authority									
<u>Tobacco Settlement</u>									
Regular Appropriations								4,420,000	4,420,000
Reserve Spending									
TOTAL								4,420,000	4,420,000
D - Department of Education									
Learning and Results Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
Reserve Spending	1,258,800	1,258,800							
TOTAL	2,867,200	2,867,200		1,525,000	1,525,000		1,525,000	1,525,000	
F - Environmental and Public Protection Cabinet									
Natural Resources									
<u>Tobacco Settlement</u>									
Regular Appropriations	9,000,000	9,000,000		9,000,000	9,000,000		9,000,000	9,000,000	
Reserve Spending	9,152,800	9,152,800							
TOTAL	18,152,800	18,152,800		9,000,000	9,000,000		9,000,000	9,000,000	
Insurance									
<u>Tobacco Settlement</u>									
Regular Appropriations	19,180,200	19,180,200		19,551,300	19,551,300		19,881,900	19,881,900	
Reserve Spending	3,188,000	3,188,000							
TOTAL	22,368,200	22,368,200		19,551,300	19,551,300		19,881,900	19,881,900	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
G - Finance and Administration Cabinet									
Debt Service									
<u>Tobacco Settlement</u>									
Regular Appropriations	6,429,900	6,429,900		15,416,500	15,416,500		15,417,900	15,417,900	
Reserve Spending	9,017,500	9,017,500							
TOTAL	15,447,400	15,447,400		15,416,500	15,416,500		15,417,900	15,417,900	
Revenue									
<u>Tobacco Settlement</u>									
Regular Appropriations	175,000	175,000		275,000	275,000		275,000	275,000	
Reserve Spending									
TOTAL	175,000	175,000		275,000	275,000		275,000	275,000	
H - Health and Family Services Cabinet									
General Administration and Program Support									
<u>Tobacco Settlement</u>									
Regular Appropriations	2,740,000	2,740,000		2,793,000	2,793,000		2,840,300	2,840,300	
Reserve Spending	806,900	806,900							
TOTAL	3,546,900	3,546,900		2,793,000	2,793,000		2,840,300	2,840,300	
Commission for Children with Special Health Care Needs									
<u>Tobacco Settlement</u>									
Regular Appropriations	352,000	352,000		352,000	352,000		352,000	352,000	
Reserve Spending									
TOTAL	352,000	352,000		352,000	352,000		352,000	352,000	
Mental Health and Mental Retardation Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	800,000	800,000		975,000	975,000		975,000	975,000	
Reserve Spending	113,300	113,300							
TOTAL	913,300	913,300		975,000	975,000		975,000	975,000	
Public Health									
<u>Tobacco Settlement</u>									
Regular Appropriations	16,793,000	16,793,000		16,856,300	16,856,300		17,078,900	17,078,900	
Reserve Spending	3,757,500	3,757,500							
TOTAL	20,550,500	20,550,500		16,856,300	16,856,300		17,078,900	17,078,900	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Human Support Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	100,000	100,000		175,000	175,000		175,000	175,000	
Reserve Spending	130,900	130,900							
TOTAL	230,900	230,900		175,000	175,000		175,000	175,000	
Community Based Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
Reserve Spending	1,200,400	1,200,400							
TOTAL	9,670,800	9,670,800		8,970,400	8,970,400		9,220,400	9,220,400	
I - Justice and Public Safety Cabinet									
Justice Administration									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
Reserve Spending	271,700	271,700							
TOTAL	2,195,100	2,195,100		1,923,400	1,923,400		1,923,400	1,923,400	
K - Postsecondary Education									
Council on Postsecondary Education									
<u>Tobacco Settlement</u>									
Regular Appropriations	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	5,680,600	
Reserve Spending									
TOTAL	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	5,680,600	
Kentucky Higher Education Assistance Authority									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,200,000	1,200,000		1,000,000	1,000,000		1,000,000	1,000,000	
Reserve Spending	208,600	208,600							
TOTAL	1,408,600	1,408,600		1,000,000	1,000,000		1,000,000	1,000,000	

HOUSE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Summary of Tobacco Settlement Appropriations

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference	Branch Budget	House Budget	Difference
Statewide Totals								
<u>Tobacco Settlement</u>								
Regular Appropriations	106,052,500	106,052,500	119,690,000	119,690,000		121,580,000	121,580,000	
Reserve Spending	37,255,400	37,255,400	12,942,800	12,942,800		6,960,900	6,960,900	
TOTAL	143,307,900	143,307,900	132,632,800	132,632,800		128,540,900	128,540,900	

Special Parts

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**Part XII Insurance Coverage, Affordability and Relief To Small
Employers (ICARE) Program**

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part XI, Insurance Coverage, Affordability, and Relief to Small Employers (ICARE) Program, includes language provisions that direct:

"Section 1. As used in Sections 1 to 8 of this Part, unless the context requires otherwise:

- (1) "Consumer-driven health plan" means a health benefit plan, including a high deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health reimbursement arrangement that meets the requirements of Internal Revenue Code, Notice 2002-45, 2002-2 C.B. 93;
- (2) "Eligible employer" or "employer" means an individual that employs two to 25 employees, a corporation, including a foreign corporation, other than a governmental entity, that employs one or more residents of the Commonwealth, or a corporation or an unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec. 501(c), as amended and in effect for the taxable year. An eligible employer must employ no more than 25 employees and meet the eligibility requirements set forth in administrative regulations promulgated by the office. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the office or a third-party administrator selected in accordance with Section 5 of this Part;
- (3) "Eligible employee" or "employee" means an employee of an eligible employer whose business is located in the Commonwealth, who has not attained age 65 or is Medicare eligible, and who meets the financial and other eligibility standards set forth in administrative regulations promulgated by the office;
- (4) "Health risk assessment" means an assessment to prevent or minimize risk factors for disease and maintain wellness;

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- (5) "High-cost condition" means a diagnosed specific list of conditions representing the top 20 high-cost conditions in the small group market;
- (6) "ICARE Program participating insurer" means any insurer who offers a health benefit plan in the small group market;
- (7) "Office" means the Office of Insurance; and
- (8) "Qualified health benefit plan" means a health benefit plan as described in Section 3(2) of this Part.

Section 2.

(1) There is hereby created and established, under the supervision of the Office of Insurance, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, which is designed to make health insurance more affordable for small employer groups. The program is being piloted in the small group market and shall be limited to those employer groups with two to 25 employees, including small groups with two to 25 employees who are members of an employer-organized association. This program is in the final two years of a four-year pilot period.

(2) All insurers that issue health benefit plans to employers with two to 25 employees, including employers participating in an employer-organized association, as a condition of doing business in Kentucky, shall be deemed an ICARE Program participating insurer.

(3) The Office of Insurance may, subject to the provisions of this section, establish an employer health care incentive program for certain employers for the purpose of reducing the amount of contributions or payments made by those employers and employees toward the cost of qualified medical insurance and which shall consist of the following two programs:

(a) An employer health care incentive program for the purpose of reducing the cost to employers and employees for providing qualified health benefit plan coverage under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income employees if the eligible employer pays 50 percent or more of the premium cost of that qualified health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have not provided employer-sponsored health benefit plan coverage to their employees within the previous 12 months; and

(b) An employer health care incentive program for the purpose of reducing the cost to employers and employees for the purpose of obtaining or maintaining qualified health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible employer and employees if the eligible employer pays 50 percent or more of the premium cost of that health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have at least one employee with a high-cost condition. The office shall promulgate administrative regulations to establish a list of high-cost conditions for the ICARE Program.

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- (4) In order for an eligible employer to qualify for the ICARE Program, the average annual salary of the employer group shall not exceed 300 percent of the federal poverty level. This shall not include the annual salary of any person with an ownership interest in the employer group.
- (5) The office shall promulgate administrative regulations to establish guidelines for determination of preference for employer groups based upon federal poverty level, eligibility criteria, health care incentive payment procedures, program participating insurer and employer reporting requirements, and administrative guidelines for the ICARE Program.

Section 3.

- (1) Sections 1 to 8 of this Part shall not apply to an insurer that provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS insureds, or self-insured groups.
- (2) Each ICARE Program participating insurer shall offer at least three qualified health benefit plans to employers. A qualified health benefit plan shall be:
 - (a) A consumer-driven health benefit plan, including a health reimbursement arrangement or health savings account;
 - (b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-097; or
 - (c) An enriched health benefit plan.
- (3) Each ICARE Program participating insurer shall offer at least one of each of the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject to the provisions of KRS 304.17A-220.
- (4) An ICARE Program participating insurer shall conduct a health risk assessment for each employee enrolled in the ICARE Program and offer a wellness program, case management services, and disease management services.
- (5) On and after July 1, 2007, an insurer shall be required to offer a premium rate that includes a healthy lifestyle discount for employers participating in the ICARE Program.
- (6) A separate class of business may be established for health benefit plan rate filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

Section 4.

- (1) The amount of health care incentive paid shall be as follows:
 - (a) Forty dollars per employee per month for eligible employers as defined in Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of ten dollars; and
 - (b) Sixty dollars per employee per month for eligible employers as defined in Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of fifteen dollars.

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- (2) The office may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the office will pay a specified amount for health benefit plan coverage under specified circumstances.
- (3) Any allocated surplus remaining in the ICARE Program shall be carried forward to the next fiscal year and be used for the ICARE Program in subsequent years through the end of the pilot period as provided for under Section 2(1) of this Part.
- (4) The office may limit enrollment for the ICARE Program so not to exceed annual program funding.
- (5) A group shall be determined ineligible if the most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:
 - (a) The group failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;
 - (b) The group or any individual in the group performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or
 - (c) The group or any individual engaged in intentional and abusive noncompliance with health benefit plan provisions.

Section 5.

- (1) The office may select a third-party administrator to administer the ICARE Program. The third-party administrator shall be an administrator licensed under this chapter by the office. The office shall consider criteria in selecting a third-party administrator that shall include but not be limited to the following:
 - (a) A third-party administrator's proven ability to demonstrate performance of the following: eligibility determinations, enrollment, payment issuance, reconciliation processes, and data collection and reporting;
 - (b) The total cost to administer the ICARE Program;
 - (c) A third-party administrator's proven ability to demonstrate that the ICARE Program be administered in a cost-efficient manner; and
 - (d) A third-party administrator's financial condition and stability.
- (2) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:
 - (a) Develop and establish policies and procedures for eligibility determinations, enrollment, payment issuance, reconciliation processes, data collection and reporting, and other responsibilities determined by the office;
 - (b) Submit reports to the office regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the office; and
 - (c) Submit a monthly and annual report to the office. Both reports shall include:
 - 1. Number of applicants;

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2. Enrolled employer groups by insurance company;
 3. Number of groups previously uninsured for a period of 12 months by insurance company;
 4. Average premium per group by insurance company;
 5. Number of groups eligible due to an individual with a high-cost condition by insurance company;
 6. Total amount of health care incentive paid listed by insurance company; and
 7. Any other information requested by the office.
- (3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the office and the third-party administrator.

Section 6.

- (1) The office shall establish and maintain the ICARE Program fund. All funds shall be held at interest, in a single depository designated in accordance with KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095. All expense and revenue transactions of the fund shall be posted to the Management Administrative Reporting System (MARS) and its successors; and
- (2) The office shall work with the Office of Health Policy within the Cabinet for Health and Family Services to review the availability of federal funds for the ICARE Program.

Section 7

- (1) The office may implement Sections 1 to 8 of this Part through arrangements with other agencies of the Commonwealth.
- (2) The provisions of this section shall not give rise to, nor be construed as giving rise to, enforceable legal rights for any party or an enforceable entitlement to benefits other than to the extent that such rights or entitlements exist pursuant to the administrative regulations of the executive director of insurance.

Section 8.

- (1) Each insurer authorized to offer health benefit plans in the Commonwealth shall disclose the availability of the health insurance purchasing program as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the initial offering and renewal of any health benefit plan, an insurer shall make a disclosure as part of its solicitation, sales material, and renewal information of the availability of the ICARE Program;
- (2) The manner and content of the disclosure as described in subsection (1) of this section shall be established through promulgation of administrative regulations by the Office of Insurance in coordination with the Cabinet for Health and Family Services.

**Part XII Insurance Coverage, Affordability and Relief To Small
Employers (ICARE) Program**

Section 9.

- (1) All insurers as defined in KRS 304.17A-005(24) shall provide upon request to the Cabinet for Health and Family Services, by electronic means and in the format prescribed by the cabinet, information in accordance with KRS 205.623.
- (2) All information obtained by the cabinet pursuant to this section shall be confidential and shall not be open to public inspection.

Section 10.

Pursuant to terms and conditions of Subtitle 17A of KRS Chapter 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the residents of the Commonwealth of Kentucky and the residents of contiguous states to purchase health benefit plan coverage among the states participating with the compact. The purposes of this compact are, through means of joint and cooperative action among the compacting states:

- (1) To promote and protect the interest of consumers purchasing health benefit plan coverage;
- (2) To develop uniform minimum standards for health benefit plan products covered under the compact, while ensuring that the standards established in Kentucky law and regulation are maintained and protected;
- (3) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform minimum standards; and
- (4) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance.

Section 11.

Any insurer violating Section 9 of this Part shall be fined not less than one hundred dollars (\$100) for each offense. Failure to respond to each request made by the Cabinet for Health and Family Services, as required under Section 9 of this Part, shall constitute a separate offense.

Section 12.

Notwithstanding KRS 304.17A.0952(8)(b), an insurer may establish a separate class of business to reflect substantial differences in expected claims experience or administrative cost because the insurer is offering a qualified health benefit plan under the ICARE Program pursuant to Section 3(3) of this Part.

Section 13.

Notwithstanding KRS 216.2921(1), the Cabinet for Health and Family Services shall make every effort to make health data findings that can serve as a basis to educate consumers on the cost and quality of health care and providers for the purpose of improving patient

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morbidity and mortality outcomes available to the public, and state and local leaders in health policy, through the cost-effective and timely use of the media and the Internet and through distribution of the findings to health facilities and health-care providers for further dissemination to their patients.

Section 14.

Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health and Family Services shall publish and make publicly available, pursuant to Section 18 of this Part, information on charges, quality, and outcomes of health care services provided, and information that relates to the health care financing and delivery system and health insurance premiums and benefits that is in the public interest.

Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize the Health Services Data Advisory Committee as a subcommittee, which shall include a member of the Division of Women's Physical and Mental Health, to define quality outcome measurements and to advise the cabinet on technical matters including review of administrative regulations promulgated pursuant to KRS Chapter 13A, proper interpretation of the data, and the most cost-effective manner in which it should be published and disseminated to the public. The Health Services Data Advisory Committee shall review and make recommendations to the secretary's advisory committee regarding exploration of technical matters related to data from other health care providers. The committee shall make recommendations on methods for risk adjusting any data prepared and published by the cabinet.

Section 15.

Notwithstanding KRS 216.2925(1), every hospital and ambulatory facility shall be required to report, on a quarterly basis, information regarding the charge for, quality, and outcomes of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data which, at the option of the provider is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements conform to the requirements established by the cabinet. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible.

Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

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- (a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcomes shall be collected and published;
- (b) A timetable for filing the information provided for under paragraph (a) above on a quarterly basis;
- (c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;
- (d) An acceptable format for data submission which shall include use of the uniform:
 - 1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet, if in the form of hard copy; or
 - 2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network;
- (e) Procedures to allow health-care providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and
- (f) Procedures pertaining to the confidentiality of data collected.

Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall be coordinated with and not duplicative of other data-collection activities conducted by the Office of Insurance, as well as other state and national agencies and organizations that collect the same or substantially similar health-related service, utilization, quality, outcome, financial, or health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services, or the Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services.

Section 16.

Notwithstanding KRS 216.2927(3), no less than 60 days after reports are published and except as otherwise provided, the Cabinet for Health and Family Services shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and

Part XII Insurance Coverage, Affordability and Relief To Small

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which was obtained for the annual period covered by the reports, available to the public. The Health Services Data Advisory Committee shall review at least annually current protocols related to the release of data referenced in this section and shall make recommendations to the cabinet advisory committee referenced in KRS 216.2923. Persons or organizations requesting use of these data shall agree to abide by a public use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. 164. The public use data agreement shall include at a minimum:

- (a) A prohibition against the sale or further release of data; and
- (b) Guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges.

Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing electronic or multiple printed copies of the data.

Section 17.

Notwithstanding KRS 216.2929(1), the Cabinet for Health and Family Services shall make available on its Web site information on charges for health care services, which is updated at least annually, in understandable language with sufficient explanation to allow consumers to draw meaningful comparisons between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available. Any charge information compiled and reported by the cabinet shall include the median charge and other percentiles to describe the typical charges for all of the patients treated by a provider and the total number of patients represented by the charges, and shall be risk adjusted according to the recommendations of the Health Data Advisory Committee. The report shall clearly identify the sources of data used in the report and explain limitations of the data and why differences between provider charges may be misleading. Every provider that is specifically identified in any report shall be given 30 days to verify the accuracy of its data prior to public release and shall be afforded the opportunity to submit comments on its data that shall be included on the Web site and as part of any printed report of the data. The cabinet shall only provide linkages to organizations that publicly report comparative charge data for Kentucky providers using data for all patients treated regardless of payor source, which may be adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to comment on their data and includes such comments on the Web site and as part of any printed report of the data.

The Cabinet for Health and Family Services shall make information available on its Web site, describing quality and outcome measures, in understandable language with sufficient explanation to allow consumers to draw meaningful comparison between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available.

(a) The cabinet shall utilize only national quality indicators that have been endorsed and adopted by the Agency for Healthcare Research and Quality, the National Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall provide linkages only to the following organizations that publicly report quality and outcome measures on Kentucky providers:

- 1. The United States Centers for Medicare and Medicaid Services;
- 2. The Agency for Healthcare Research and Quality;

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3. The Joint Commission on the Accreditation of Health Care Organizations; and
 4. Other organizations that publicly report relevant outcome data for Kentucky health care providers, as determined by the Health Services Data Advisory Committee.
- (b) The cabinet shall utilize or refer the general public to only those nationally endorsed quality indicators that:
1. Are based upon current scientific evidence or relevant national professional consensus; and
 2. Have definitions and calculation methods openly available to the general public at no charge.
- Any report the cabinet disseminates or refers the public to shall:
- (a) Not include data for a provider whose caseload of patients is insufficient to make the data a reliable indicator of the provider's performance;
 - (b) Afford providers specifically identified in the report 30 days to verify the accuracy of their data prior to the data's public release and the opportunity to submit comments on their data, which shall be included on the Web site and as part of any printed report of the data;
 - (c) Clearly identify the sources of data used in the report and explain the analytical methods used in preparing the data included in the report; and
 - (d) Explain any limitations of the data and how the data should be used by consumers.

Section 18.

Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and, for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327, psychologists licensed under KRS Chapter 319, social workers licensed under KRS Chapter 335, and durable medical equipment dealers holding an active Medicare DME provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists, psychologists, social workers, and durable medical equipment dealers holding an active Medicare DME provider number as a health care provider or provider under KRS 304.17A-005.

Section 19.

Notwithstanding KRS 304.17A-704, within five business days from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or designee shall notify the provider, its billing agent, or designee that submitted the claim electronically, of all information that is missing from the billing instrument, of any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

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Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the provider, its billing agent, or designee that submitted the claim, in writing, of all information that is missing from the billing instrument, any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Section 20.

Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay, deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following schedule on the amount of the claim that remains unpaid:

- (a) For claims that are paid between one and 30 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue from the date payment was due under KRS 304.17A-702; and
- (b) For claims that are paid more than 31 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from the date payment was due under KRS 304.17A-702

HOUSE REPORT

The House Concurs with the Branch with the following change:

The House amends the State/Executive Branch Budget Bill, Part XI, Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, to be Part XII.

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Part XIII -Revolving Account for Expanded Gaming Receipts

BRANCH

The Branch Budget Bill contains no provisions relating to Revolving Account for Expanded Gaming Receipts.

HOUSE REPORT

The House adds Part XIII, Revolving Account for Expanded Gaming Receipts

REVOLVING ACCOUNT FOR EXPANDED GAMING RECEIPTS

There is created in the State Treasury a revolving account solely and expressly for the receipt of revenues that result from expanded gaming in fiscal year 2008-2009 and fiscal year 2009-2010. The revenues deposited in this revolving account shall be used exclusively for education, human services including health care, local government, the support of horse breeding and horse racing industries, and the treatment and prevention of compulsive gambling and alcohol and drug abuse as authorized by the General Assembly. Any interest earnings of the revolving account shall become a part of the revolving account. Notwithstanding KRS 45.229, any revolving account amount or any interest earnings that become a part of the revolving account not expended at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.

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Part XIV State Procurement of Electronic Equipment

BRANCH

The State/Executive Branch Budget Bill contains no provisions relating to State Procurement of Electronic Equipment.

HOUSE REPORT

The House adds Part XIV, State Procurement of Electronic Equipment.

"STATE PROCUREMENT OF ELECTRONIC EQUIPMENT

Notwithstanding KRS 48.310, the following statutes are amended or created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 45A.030 is amended to read as follows:

As used in this code, unless the context requires otherwise:

- (1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted;
- (2) "Change order" means a written order signed by the purchasing officer, directing the contractor to make changes that the changes clause of the contract authorizes the purchasing officer to order without the consent of the contractor;
- (3) "Chief purchasing officer" means the secretary of the Finance and Administration Cabinet, who shall be responsible for all procurement of the Commonwealth except as provided by KRS Chapters 175, 176, 177, and 180;
- (4) "Construction" means the process of building, altering, repairing, improving, or demolishing any public structures or buildings, or other public improvements of any kind to any public real property. It does not include the routine maintenance of existing structures, buildings, or real property;
- (5) "Construction manager-agency" means services to assist the purchasing agency manage construction that are procured through a contract that is qualifications-based;
- (6) "Construction management-at-risk" means a project delivery method in which the purchasing officer enters into a single contract with an offeror that assumes the risk for construction at a contracted guaranteed maximum price as a general contractor, and provides consultation and collaboration regarding the construction during and after design of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;
- (7) "Contract" means all types of state agreements, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item. It includes awards; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; purchase orders; and insurance contracts except as provided in

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KRS 45A.022. It includes supplemental agreements with respect to any of the foregoing;

(8) "Contract modification" means any written alteration in the specifications, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions of any existing contract, whether accomplished by unilateral action in accordance with a contract provision or by mutual action of the parties to the contract. It includes bilateral actions, such as supplemental agreements, and unilateral actions, such as change orders, administrative changes, notices of termination, and notices of the exercise of a contract option;

(9) "Contractor" means any person having a contract with a governmental body;

(10) "Data" means recorded information, regardless of form or characteristic;

(11) "Design-bid-build" means a project delivery method in which the purchasing officer sequentially awards separate contracts, the first for architectural, engineering, or engineering-related services to design the project and the second for construction of the capital project according to the design. The contract shall be subject to the bonding requirements of KRS 45A.185;

(12) "Design-build" means a project delivery method in which the purchasing officer enters into a single contract for design and construction of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;

(13) "Designee" means a duly authorized representative of a person holding a superior position;

(14) "Document" means any physical embodiment of information or ideas, regardless of form or characteristic, including electronic versions thereof;

(15) **"Electronic equipment" means any device powered by electricity;**

(16) "Employee" means an individual drawing a salary from a governmental body, whether elected or not, and any nonsalaried individual performing personal services for any governmental body;

(17)~~(16)~~ "Governmental body" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment of the executive or legislative branch of the state government;

(18)~~(17)~~ "Meeting" means all gatherings of every kind, including video teleconferences;

(19)~~(18)~~ "Negotiation" means contracting by either the method set forth in KRS 45A.085, 45A.090, or 45A.095;

(20)~~(19)~~ "Person" means any business, individual, organization, or group of individuals;

(21)~~(20)~~ "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining of any supplies, services, or construction. It includes all functions that pertain to the procurement of any supply, service, or construction item, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration;

(22)~~(21)~~ "Purchase request" or "purchase requisition" means that document whereby a using agency requests that a contract be obtained for a specified need, and may include, but is not limited to, the technical description of the requested item, delivery schedule, transportation, criteria for evaluation of solicitees, suggested sources of supply, and information supplied for the making of any written determination and finding required by KRS 45A.025;

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~~(23)~~~~(22)~~ "Purchasing agency" means any governmental body that is authorized by this code or its implementing administrative regulations or by way of delegation from the chief purchasing officer to contract on its own behalf rather than through the central contracting authority of the chief purchasing officer;

~~(24)~~~~(23)~~ "Purchasing officer" means any person authorized by a governmental body in accordance with procedures prescribed by administrative regulations to enter into and administer contracts and make written determinations and findings with respect thereto. The term includes an authorized representative acting within the limits of authority;

~~(25)~~~~(24)~~ "Services" means the rendering by a contractor of its time and effort rather than the furnishing of a specific end product, other than reports that are merely incidental to the required performance of services;

~~(26)~~~~(25)~~ "Supplemental agreement" means any contract modification that is accomplished by the mutual action of the parties;

~~(27)~~~~(26)~~ "Supplies" means all property, including but not limited to leases of real property, printing, and insurance, except land or a permanent interest in land;

~~(28)~~~~(27)~~ "Using agency" means any governmental body of the state that utilizes any supplies, services, or construction purchased under this code;

~~(29)~~~~(28)~~ "Video teleconference" means one (1) meeting, occurring in two (2) or more locations, where individuals can see and hear each other by means of video and audio equipment; and

~~(30)~~~~(29)~~ "Writing" or "written" means letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation.

➔Section 2. KRS 45A.045 is amended to read as follows:

- (1) The Finance and Administration Cabinet shall serve as the central procurement and contracting agency of the Commonwealth.
 - (a) The cabinet shall require all agencies to furnish an estimate of specific needs for supplies, materials, and equipment to be purchased by competitive bidding for the purpose of permitting scheduling of purchasing in large volume. The cabinet shall establish and enforce schedules for purchasing supplies, materials, and equipment. In addition, prior to the beginning of each fiscal year all agencies shall submit to the Finance and Administration Cabinet an estimate of all needs for supplies, materials, and equipment during that year which will have to be required through competitive bidding.
 - (b) The Finance and Administration Cabinet shall have power, with the approval of the secretary of the Finance and Administration Cabinet, to transfer between departments, to salvage, to exchange, and to condemn supplies, equipment, and real property.
 - (c) The Finance and Administration Cabinet shall attempt in every practicable way to ensure that state agencies are fulfilling their business needs through the application of the best value criteria.
- (2) The Finance and Administration Cabinet shall recommend regulations, rules, and procedures and shall have supervision over all purchases by the various spending agencies, except as otherwise provided by law, and, subject to the approval of the secretary of

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the Finance and Administration Cabinet, shall promulgate administrative regulations to govern purchasing by or for all these agencies. The cabinet shall publish a manual of procedures which shall be incorporated by reference as an administrative regulation pursuant to KRS Chapter 13A. This manual shall be distributed to agencies and shall be revised upon issuance of amendments to these procedures. No purchase or contract shall be binding on the state or any agency thereof unless approved by the Finance and Administration Cabinet or made under general administrative regulations promulgated by the cabinet.

- (3) The Finance and Administration Cabinet shall purchase or otherwise acquire, or, with the approval of the secretary, may delegate and control the purchase and acquisition of the combined requirements of all spending agencies of the state, including, but not limited to, interests in real property, contractual services, rentals of all types, supplies, materials, equipment, and services.
- (4) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of any interest in real property of the state which is not needed, or has become unsuitable for public use, or would be more suitable to the public's interest if used in another manner, as determined by the secretary of the Finance and Administration Cabinet. The determination of the secretary of the Finance and Administration Cabinet shall be set forth in an order and shall be reached only after review of a written request by the agency desiring to dispose of the property. This request shall describe the property and state the reasons why the agency believes the property should be disposed. All instruments required by law to be recorded which convey any interest in any real property so disposed of shall be executed and signed by the secretary of the Finance and Administration Cabinet and approved by the Governor. Unless the secretary of the Finance and Administration Cabinet deems it in the best interest of the state to proceed otherwise, all interests in real property shall be sold either by invitation of sealed bids or by public auction. The selling price of any interest in real property shall not be less than the appraised value thereof as determined by the cabinet, or the Transportation Cabinet for the requirements of that cabinet.
- (5) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of all personal property of the state that is not needed, or has become unsuitable for public use, or would be more suitable to the public's interest if used in another manner, or, with the approval of the secretary, may delegate the sale, trade, or other disposal of the personal property. In the event the authority is delegated, the method for disposal shall be determined by the agency head, in accordance with administrative regulations promulgated by the Finance and Administration Cabinet, and shall be set forth in a document describing the property and stating the method of disposal and the reasons why the agency believes the property should be disposed of. In the event the authority is not delegated, requests to the Finance and Administration Cabinet to sell, trade, or otherwise dispose of the property shall describe the property and state the reasons why the agency believes the property should be disposed of. The method for disposal shall be determined by the Division of Surplus Properties, and approved by the secretary of the Finance and Administration Cabinet or his or her designee.
- (6) The Finance and Administration Cabinet shall exercise general supervision and control over all warehouses, storerooms, and stores and of all inventories of supplies, services, and construction belonging to the Commonwealth. The cabinet shall

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promulgate administrative regulations to require agencies to take and maintain inventories of plant property, buildings, structures, other fixed assets, and equipment. The cabinet shall conduct periodic physical audits of inventories.

- (7) The Finance and Administration Cabinet shall establish and maintain programs for the development and use of purchasing specifications and for the inspection, testing, and acceptance of supplies, services, and construction.
- (8) Nothing in this section shall prevent the Finance and Administration Cabinet from negotiating with vendors who maintain a General Services Administration price agreement with the United States of America or any agency thereof. No contract executed under this provision shall authorize a price higher than is contained in the contract between the General Services Administration and the vendor affected.
- (9) Except as provided in KRS Chapters 175, 176, 177, and 180, and subject to the provisions of this code, the Finance and Administration Cabinet shall purchase or otherwise acquire all real property determined to be needed for state use, upon approval of the secretary of the Finance and Administration Cabinet as to the determination of need and as to the action of purchase or other acquisition. The amount paid for this real property shall not exceed the appraised value as determined by the cabinet or the Transportation Cabinet (for such requirements of that cabinet), or the value set by eminent domain procedure. Subject to the provisions of this code, real property or any interest therein may be purchased, leased, or otherwise acquired from any officer or employee of any agency of the state upon a finding by the Finance and Administration Cabinet, based upon a written application by the head of the agency requesting the purchase, and approved by the secretary of the Finance and Administration Cabinet and the Governor, that the employee has not either himself or herself, or through any other person, influenced or attempted to influence either the agency requesting the acquisition of the property or the Finance and Administration Cabinet in connection with such acquisition. Whenever such an acquisition is consummated, the request and finding shall be recorded and kept by the Secretary of State along with the other documents recorded pursuant to the provisions of KRS Chapter 56.
- (10) The Finance and Administration Cabinet shall maintain records of all purchases and sales made under its authority and shall make periodic summary reports of all transactions to the secretary of the Finance and Administration Cabinet, the Governor, and the General Assembly. The Finance and Administration Cabinet shall also report trends in costs and prices, including savings realized through improved practices, to the above authorities. The Finance and Administration Cabinet shall also compile an annual report of state purchases by all spending agencies in the state's statewide accounting and reporting system. The report format shall include, but not be limited to, dollar amount, volume, type of purchase, and vendor.
- (11) For capital construction projects, subject to the provisions of this code and KRS 45A.180, the procurement may be on whichever of the following alternative project delivery methods, in the judgment of the secretary of the Finance and Administration Cabinet after first considering the traditional design-bid-build project delivery method, offers the best value to the taxpayer:
 - (a) A design-build basis; or

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(b) A construction management-at-risk basis.

Proposals shall be reviewed by the engineering staff to assure quality and value, and compliance with procurement procedures. All specifications shall be written to promote competition. Nothing in this section shall prohibit the procurement of phased bidding or construction manager-agency services.

(12) The Finance and Administration Cabinet shall have control and supervision over all purchases of energy-consuming equipment, supplies, and related equipment purchased or acquired by any agency of the state as provided in this code, and shall promulgate administrative regulations to designate the manner in which an energy-consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products. Major energy components shall be amortized on a seven (7) to ten (10) years' recovery basis and shall take into consideration the projected cost of fuel. The Finance and Administration Cabinet, in consultation with the Cabinet for Economic Development, shall conduct a thorough economic feasibility analysis on any major energy-using component of at least three million (3,000,000) BTU's per hour heat input and shall issue a certificate of economic feasibility prior to the Finance and Administration Cabinet's purchasing or retrofitting any such component that utilizes any fuel other than coal. The economic feasibility analysis shall consist of life-cycle cost comparisons of a component that would utilize coal and one(s) that would utilize any fuel other than coal. For the analysis, the Finance and Administration Cabinet shall provide detailed estimates of equipment purchase price, installation cost, annual operation and maintenance costs, and usage patterns of energy-using components.

(13) For all procurement of electronic equipment, the Finance and Administration Cabinet shall issue separate bid documents for the hardware required and for any contract for services relating to the hardware.

➔Section 3. KRS 164A.575 is amended to read as follows:

(1) The governing boards of each institution may elect to purchase interest in real property, contractual services, rentals of all types, supplies, materials, equipment, printing, and services, except that competitive bids may not be required for:

- (a) Contractual services where no competition exists;
- (b) Food, clothing, equipment, supplies, or other materials to be used in laboratory and experimental studies;
- (c) Instructional materials available from only one (1) source;
- (d) Where rates are fixed by law or ordinance;
- (e) Library books;
- (f) Commercial items that are purchased for resale;
- (g) Professional, technical, scientific, or artistic services, but contracts shall be submitted in accordance with KRS 45A.690 to 45A.725;
- (h) All other commodities, equipment, and services which, in the reasonable discretion of the board, are available from only one (1) source; and

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- (i) Interests in real property.
- (2) Nothing in this section shall deprive the boards from negotiating with vendors who maintain a General Services Administration price agreement with the United States of America or any agency thereof, provided, however, that no contract executed under this provision shall authorize a price higher than is contained in the contract between General Services Administration and the vendor affected.
- (3) The governing board shall require the institution to take and maintain inventories of plant and equipment.
- (4) The governing board shall establish procedures to identify items of common general usage among all departments to foster volume purchasing. It shall establish and enforce schedules for purchasing supplies, materials, and equipment.
- (5) The governing board shall have power to salvage, to exchange, and to condemn supplies, equipment, and real property.
- (6) Upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. The amount paid shall not exceed the appraised value as determined by a qualified appraiser or the value set by the eminent domain procedure. Any real property acquired under this section shall be in name of the Commonwealth for the use and benefit of the institution.
- (7) The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order, and shall be reached only after review of a written request by the institution desiring to dispose of the property. Such request shall describe the property and state the reasons why the institution believes disposal should be effected. All instruments required by law to be recorded which convey any interest in any such real property so disposed of shall be executed and signed by the appropriate officer of the board. Unless the board deems it in the best interest of the institution to proceed otherwise, all such real or personal property shall be sold either by invitation of sealed bids or by public auction; provided, however, that the selling price of any interest in real property shall not be less than the appraised value thereof as determined by the Finance and Administration Cabinet or the Transportation Cabinet for such requirements of that department.
- (8) Real property or any interest therein may, subject to the provisions of KRS Chapter 45A, be purchased, leased, or otherwise acquired from any officer or employee of any board of the institution, based upon a written application by the grantor or lessor approved by the board, that the employee has not either himself or through any other person influenced or attempted to influence either the board requesting the purchase of the property. In any case in which such an acquisition is consummated, the said request and finding shall be recorded and kept by the Secretary of State along with the other documents recorded pursuant to the provisions of KRS Chapter 56.
- (9) (a) As used in this section, "construction manager-agency," "construction management-at-risk," "design-bid-build," and "design-build" shall have the same meaning as in KRS 45A.030.

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(b) For capital construction projects, the procurement may be on a total design-bid-build basis, a design-build basis, or construction management-at-risk basis, whichever in the judgment of the board offers the best value to the taxpayer. Proposals shall be reviewed by the institution's engineering staff to assure quality and value, and compliance with procurement procedures. All specifications shall be written to promote competition. Services for projects delivered on the design-build basis or construction management-at-risk basis shall be procured in accordance with KRS 45A.180 and the regulations promulgated in accordance with KRS 45A.180. Nothing in this section shall prohibit the procurement of construction manager-agency services.

(10) The governing board shall attempt in every practicable way to insure the institution's supplying its real needs at the lowest possible cost. To accomplish this the board may enter into cooperative agreements with other public or private institutions of education or health care.

(11) The governing board shall have control and supervision over all purchases of energy consuming equipment, supplies, and related equipment purchased or acquired by the institution, and shall designate by regulation the manner in which an energy consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products.

(12) The governing board may negotiate directly for the purchase of contractual services, supplies, materials, or equipment in bona fide emergencies regardless of estimated costs. The existence of the emergency must be fully explained, in writing, by the vice president responsible for business affairs and such explanation must be approved by the university president. The letter and approval shall be filed with the record of all such purchases. Where practical, standard specifications shall be followed in making emergency purchases. A good faith effort shall be made to effect a competitively established price for emergency purchases.

(13) For all procurement of electronic equipment, the governing board shall issue separate bid documents for the hardware required and for any contract for services relating to the hardware."